



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

ENVIRONMENT, COMMUNICATIONS, INFORMATION
TECHNOLOGY AND THE ARTS LEGISLATION COMMITTEE

ESTIMATES

(Budget Estimates)

WEDNESDAY, 26 MAY 2004

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SENATE

**ENVIRONMENT, COMMUNICATIONS, INFORMATION TECHNOLOGY
AND THE ARTS LEGISLATION COMMITTEE**

Wednesday, 26 May 2004

Members: Senator Eggleston (*Chair*), Senator Mackay (*Deputy Chair*), Senators Allison, Lundy, Santoro and Tchen

Senators in attendance: Senators Eggleston, Lundy, Santoro and Tchen

Committee met at 9.03 a.m.

**COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS
PORTFOLIO**

Consideration resumed from 25 May 2004.

In Attendance

Senator Kemp, Minister for Arts and Sports

**Department of Communications, Information Technology and the Arts
Executive**

Ms Helen Williams AO, Secretary

Ms Fay Holthuyzen, Deputy Secretary, Communications

Dr Rod Badger, Deputy Secretary, Information Economy

Corporate and business

Mr Frank Nicholas, Acting Chief Operating Officer

Mr Mike Hutchings, Acting General Manager, Information Technology and Facilities

Legal

Mr Don Markus, General Counsel

Finance and budgets

Ms Jennifer Gale, Chief Financial Officer

Telecommunications

Mr Chris Cheah, Chief General Manager, Telecommunications

Mr Colin Lyons, General Manager, Telecommunications Competition and Consumer
Branch

Mr Simon Bryant, General Manager, Regional Communications Policy Branch

Mr Colin Oliver, Acting General Manager, International Branch

Mr Brenton Thomas, General Manager, Enterprise, Infrastructure Branch

Broadcasting

Mr James Cameron, Chief General Manager, Broadcasting

Dr Simon Pelling, General Manager, Digital Broadcasting and Spectrum Management

Mr Gordon Neil, General Manager, Licensed Broadcasting

Mr Rohan Buettel, General Manager, Public Broadcasting

Office of the Information Economy

Mr Keith Besgrove, Chief General Manager, Information Economy Division
Mr Ashley Cross, General Manager, Business Environment Branch
Ms Anne-Marie Lansdown, General Manager, Access and International Branch
Mr David Kennedy, General Manager, Strategy Branch

ICT industry and intellectual property

Dr Beverly Hart, Chief General Manager, ICT Industry and Intellectual Property Division
Mr Philip Allnutt, General Manager, ICT Industry Development Branch
Mr Simon Cordina, Acting General Manager, Intellectual Property Branch
Mr James Barr, General Manager—Regional Funding Initiatives Branch
Mr Sceán Kearns, Acting General Manager, ICT Innovation Branch

Arts and sport division

Ms Lynn Bean, Chief General Manager, Arts and Sport Division
Ms Karen Gosling, Special Adviser, Collections and Governance
Mr Kevin Isaacs, General Manager, Arts Support and M2006 Taskforce
Mr Peter Young, General Manager, Film and Digital Content
Mr Paul McInnes, Acting General Manager, Collections and Governance
Ms Sally Bassier, General Manager, Sport and Private Sector Support Branch
Mr Kate Cowie, General Manager, Old Parliament House
Mr Andrew Sayers, Director, National Portrait Gallery
Mr Simon Elliot, National Portrait Gallery

Agencies**Telstra**

Mr Bill Scales AO, Group Managing Director, Regulatory, Corporate and Human Relations
Mr John Stanhope, Group Managing Director, Finance and Administration
Mr Darian Stirzaker, Head, Channel Management
Mr Don Pinel, Regional Managing Director, Telstra Country Wide, Queensland
Mr Anthony Rix, Head of Service Advantage

Australia Post

Mr Michael McCloskey, Corporate Secretary
Mr Peter Meehan, Chief Finance Officer
Mr Mark Howard, General Manager, Corporate Infrastructure Services
Mr Gary Lee, Group Manager, Letters
Mr Rod McDonald, Group Manager, Human Resources
Mr Terry Sinclair, Group Manager, National Logistics
Mr Mel Jackson, Group Manager, Retail
Mr Matt Pollard, Manager, External Relations

Australian Communications Authority

Dr Bob Horton, Acting Chair
Mr Geoff Luther, Acting Member
Mr Mark Loney, Acting Executive Manager, Corporate Management
Mr John Neil, Executive Manager, Telecommunications Analysis

Mr John Haydon, Executive Manager, Consumer and Universal Service Obligation Group
Mr Darren Hooper, Chief Financial Officer

Australian Broadcasting Corporation

Mr Russell Balding, Managing Director
Mr Geoffrey Crawford, Director, Corporate Affairs
Ms Sandra Levy, Director, Television
Mr Colin Knowles, Director, Technology and Distribution
Mr David Pendleton, Director, Business Services
Ms Sue Howard, Director, Radio

Australian Broadcasting Authority

Prof. David Flint, Chairman
Ms Andree Wright, Director, Industry Performance and Review
Mr Richard Fraser, Content Assessment, Assistant Manager
Mr John Boshier, Director Planning
Mr Giles Tanner, General Manager
Ms Jonquil Ritter, General Counsel

Special Broadcasting Service Corporation

Mr Nigel Milan, Managing Director
Ms Julie Eisenberg, Head of Policy
Mr Jon Torpy, Chief Financial Officer
Mr Will Berryman, Chief Technology Officer
Mr Shaun Brown, Head of Television
Mr Quang Luu, Head of Radio

Australian Government Information Management Office

Mr John Grant, Acting Australian Government Chief Information Officer
Mr Patrick Callioni, Chief General Manager
Mr James Shaw, Acting Chief General Manager
Mr John Lalor, Acting General Manager, Service Delivery Branch
Mr Tony Judge, Acting General Manager, Corporate and Governance
Ms Robyn Fleming, General Manager, Policy and Strategy Branch
Mr Steve Alford, General Manager, Sourcing and Security Branch

Arts and sport

Australia Council

Ms Jennifer Bott, Chief Executive Officer
Dr Catherine Brown-Watt, Director, Major Performing Arts Board
Mr Ben Strout, Executive Director, Arts Development
Ms Megan Coombs, Executive Director, Finance and Services

National Library of Australia

Ms Jan Fullerton, Director-General
Dr Warwick Cathro, Assistant Director General, Innovation
Mr Gerry Linehan, Assistant Director-General, Corporate Services

National Gallery of Australia

Dr Brian Kennedy, Director
Mr Alan Froud, Deputy Director

National Museum of Australia

Mr Craddock Morton, Acting Director
Ms Freda Hanley, General Manager—Collections, Content and Technology
Ms Suzy Watson, General Manager, Operations
Ms Louise Douglas, Acting General Manager, Public Programs and Audience Development
Mr Adrian Brocklehurst, Chief Finance Officer

Australian National Maritime Museum

Ms Mary Louise Williams, Director
Mr Quentin Howarth, Assistant Director, Corporate Services
Ms Joan Miller, Section Head, Finance

National Archives of Australia

Mr Ross Gibbs, Director-General
Ms Jenny Anderson, Assistant Director-General, Corporate

Australian Film, Television and Radio School

Mr Malcolm Long, Director
Mr Reza Bilimoria, Head of Corporate and Student Services

Australian Film Finance Corporation

Mr Brian Rosen, CEO

Film Australia Ltd

Ms Sharon Connolly, CEO
Ms Judith Bowtell, Executive Officer

Australian Film Commission

Mr Kim Dalton, Chief Executive Officer

Australian Sports Commission

Mr Mark Peters, Chief Executive Officer
Mr Brent Espeland, General Manager, Sport Performance and Development
Ms Lois Fordham, General Manager, Business Operations
Mr Simon Kidman, Finance Manager

Australian Institute of Sport

Mr Michael Scott, Director

Australian Sports Drug Agency

Mr John Mendoza, Chief Executive
Ms Anne Gripper, General Manager, General Manager, Strategy and Support
Mr Kim Terrell, General Manager, Operations

CHAIR—I welcome everybody here this morning. We continue the examination of the Communications, Information Technology and the Arts Portfolio estimates. I again welcome Senator Kemp, Minister for the Arts and Sport. Minister, would you like to make any statements at this point?

Senator Kemp—The bulk of the arts portfolio comes after communication. I have some things I wish to put on the record in an opening statement, but if we deal with the Archives first I will make that statement when we get back to the arts portfolio.

CHAIR—We will begin with the National Archives of Australia and continue DCITA outputs 3.5 and 3.3 from yesterday's program.

[9.04 a.m.]

National Archives of Australia

Senator LUNDY—Mr Gibbs, is the National Archives required to deliver dividends in terms of the budget allocation?

Mr Gibbs—Yes, we are: one per cent.

Senator LUNDY—How much does that equate to in dollar terms for the Archives?

Mr Gibbs—It is in the order of \$440,000. I can give you accurate information on that.

Senator LUNDY—Is that required every year?

Mr Gibbs—It has been, yes, for the last four years.

Senator LUNDY—Has it been at the same rate?

Mr Gibbs—I was not here then, as you know, but I understand it was around that rate. It has been at one per cent for four years.

Senator LUNDY—In terms of that efficiency dividend, how do you deal with that as far as your organisation and budget go for the archive itself?

Mr Gibbs—How the Archives have dealt with that over that time has been, as you may be aware, a fairly major revision of our storage practices, both the records we hold and our storage facilities. Over that four years we have delivered about a \$2.5 million saving just in POE on our buildings, which is significant, and with other things it has covered the effect of the efficiency dividend.

Senator LUNDY—In this year's PBS there seems to be a small overall increase in funding. Am I reading that correctly?

Mr Gibbs—About 0.48 per cent.

Senator LUNDY—So that does not in any way compensate for the one per cent efficiency dividend.

Mr Gibbs—We do get a significant component for wage and cost increases but there are a whole lot of factors in it. The efficiency dividend is one of about six factors in the allocation we get. I can give you the details, but it ends up that we get just over \$300,000 total increase.

Senator Kemp—So your total budget is higher this year than the previous year.

Mr Gibbs—Absolutely. The total budget, as you have seen in the papers, is just over \$65 million this year.

Senator LUNDY—Can you tell me where within the budget papers the one per cent efficiency dividend is illustrated?

Mr Gibbs—How we execute the savings?

Senator LUNDY—No. I asked about it because I could not find it in writing. Can you take me to the financial tables that show where the one per cent efficiency dividend is illustrated?

Mr Gibbs—I could if I had them in front of me. I don't, I am afraid. I will certainly send that information after we have finished today. It is an issue that has been ongoing and it is something that I think we, with the other agencies, are learning how to manage. It has a real effect on us.

Senator LUNDY—Can you describe how the allocation you get to offset wage increases works and what the actual dollar value of those increases has been recently, say, this current financial year?

Mr Gibbs—We get about \$900,000—I think the exact figure is \$0.898 million—to offset wage and cost increases.

Senator LUNDY—Does that cover wage and cost increases?

Mr Gibbs—That covers a significant component of it.

Senator LUNDY—All of it, 70 per cent of it, 50 per cent?

Mr Gibbs—We have not negotiated a new workplace agreement yet for the next year or even the next three years, so we do not know what our wage increases will be yet.

Senator LUNDY—What is the process by which you negotiate that amount with the department of finance?

Mr Gibbs—We put in budget bids like everyone else.

Senator LUNDY—Anticipating what the wage and salary increases will be?

Mr Gibbs—Or at least a component of them, yes.

Senator LUNDY—Are you able to pitch a case for why the one per cent efficiency dividend should be perhaps reduced or changed or factored in a different way?

Mr Gibbs—We have not, and I do not understand the process. It has been in place for three years before I arrived. As I understand, it is a given in our allocation.

Senator LUNDY—So, whatever happens, you will get that one per cent effect.

Ms H. Williams—It is common across government.

Senator LUNDY—I appreciate that.

Mr Gibbs—It is more a thing we have to plan for in advance because we know it is going to happen.

Senator LUNDY—In terms of programs and projects the National Archives undertakes, we asked previously about administered projects or administered expenses, and I understand you do not have any of those. Are there any specific projects that the National Archives are

able to identify in this current financial year or indeed in the next financial year that you are undertaking?

Mr Gibbs—There are numerous projects. Do you have any direction you are interested in? We have a project being launched at lunchtime today at the Institute of Public Administration seminar, an announcement we are making, an Australian and New Zealand initiative to look after digital information in government which will be a big roll-out for us. We are releasing standards and guides for government today. In terms of our priorities as an organisation over the next year, that will be the highest priority in terms of time allocation and resource allocation. I think you saw something of what we were doing when you visited us at Mitchell.

Senator LUNDY—Yes. Can you tell me a little bit more about that project? For example, do the standards and guides that you are implementing put in place mandatory standards for agencies and departments to follow, or is at this stage a guideline and you are hoping they will come on board?

Mr Gibbs—It is about three things. There are basic steps and guides to looking after digital information in departments, there are standards about how to manage them. It is a whole raft, right through to the other end, the digital repository we are building at Mitchell. It is the whole gamut, from file records creation in digital form right through to us being able to look after them in the long term. The package is all those things.

Senator LUNDY—What are the standards for electronic data storage?

Mr Gibbs—It is about this thick. The standards we are working on, and what I was describing at the launch we are going to do today, we now have what we think is an Australian standard, we have an Australian approach based upon XML, we have New Zealand on board—New Zealand are here today as well—and we hope, because we think Australia is leading the world with it, that we will get an international roll-out on it and it will be called the Australian standard of how to look after digital information.

Senator LUNDY—What sort of engagement or buy-in do you have with other agencies and departments? In particular, how involved is AGIMO, the government's new information management office, in this project?

Mr Gibbs—We liaise with them all the time. There were meetings with them most of yesterday afternoon about the report that was released in April on digital information and security of digital information and we worked with them yesterday afternoon about developing the government response to that inquiry. We were involved in that: we made a submission to that inquiry, we had follow-up questions from that inquiry and we are now involved in the response. Our relationship is strong and ongoing.

Senator Kemp—What would happen if AGIMO was abolished? How would you deal with the various IT aspects?

Mr Gibbs—It would depend what was put in their place, Minister.

Senator Kemp—That is right, but if there was a complete savings—

Senator LUNDY—Good answer, Mr Gibbs.

Senator Kemp—If there was a complete savings with the abolition, which has been claimed, those functions go. I put that on notice—

Senator LUNDY—Put that hypothetical political point out there.

Senator Kemp—that there is a policy to save \$140 million over the forward estimates by the abolition of NOIE, and, presumably, its successor. I think the Archives should take on notice that under the Lundy policy, of course, 140 jobs go.

Senator LUNDY—You do not know what our policy is yet, Minister, in relation to how we will manage government information.

Senator Kemp—It is stated publicly. You have taken \$140 million savings—

Senator LUNDY—Are you going to spend all morning interrupting my questions and wasting time?

Senator Kemp—I am just putting on record—

CHAIR—The minister is entitled to make this clarification.

Senator Kemp—that you got into IT and AGIMO, which is a sensitive area for you. I am putting on record that you have taken \$140 million savings over the forward estimates by the abolition of functions and jobs and you have not put down any alternative—

Senator LUNDY—No, not yet.

Senator Kemp—and that is your policy.

Senator LUNDY—Have you finished?

Senator Kemp—Absolutely. I was keen to get that on record. Every time you raise this issue I will be making sure that the *Hansard* record reads clearly about the Labor Party policy, which you apparently have been prepared to accept. There are over 140 jobs in Canberra which you have made no protest about.

Senator LUNDY—Are you finished?

CHAIR—Senator, just proceed with your questions. The minister has made his clarifying statement.

Senator LUNDY—He interrupted my questions.

Senator Kemp—I am just correcting the record, just making sure the record is clear.

Senator LUNDY—For the record, that was not a clarifying statement; it was a political point that is misleading.

CHAIR—I saw it as a clarifying statement.

Senator Kemp—Gee shucks, Senator, we happen to be in estimates. If political point scoring is not allowed, that is going to save a huge amount of time taken up by you, I would have thought.

Senator LUNDY—How are the standards development process and the ongoing digitisation of existing records proceeding? I acknowledge that as part of the integrity of

Commonwealth information inquiry we saw a very comprehensive program under way but perhaps you could give the committee a brief update as to how that is proceeding and particularly reflect on the level of resources available to the archive to continue with that project.

Mr Gibbs—As you saw, there are two elements to it. One is the scanning of paper based information to make it digitally available. We recently digitised four million pages and put them on the Web. On the other side, which is the more complicated side, is the information that comes in to us in digital form and that we try to preserve long term digitally. That was the discussion that I was talking about earlier that we were having with other agencies around the country and in New Zealand. We have taken in the records of two recent inquiries in 42 different formats and have been able to convert them into a long-term preservation format for the Archives. In volume terms it is not going that well but, in terms of what we are doing in a very complicated form, it is going very well. As I said before, I think we are leading the world and we have an Australian approach that we can be proud of.

Senator LUNDY—In terms of that format, one of the issues that came up consistently in that inquiry was the ability to store electronic documents in whatever form they arrive at your door but still be able to access them in the future without being beholden to proprietary software companies that, through their own business strategies, do not make new versions of their software back-compatible. Can you tell the committee what strategies the archive has undertaken to avoid that problem and potential additional expense to the Commonwealth as a result of those proprietary software policies?

Mr Gibbs—The device we are using is XML, which is freeware, and that is the approach we are rolling out across the country, including New Zealand, and trying to get that as the lead standard so that everyone else can use it. When we have it constructed we can make it available across the archival community in Australia. So that is the way we are handling it. It is not proprietary at all. It is becoming an international approach, for the very reasons you are describing.

Senator LUNDY—Is the software to manage those documents based on open source software?

Mr Gibbs—Yes, it is.

Senator LUNDY—Where was that developed?

Mr Gibbs—Our product, Xena, was developed in Mitchell, Canberra. It is based on other available software; we just packaged other products, but the development has happened here in Canberra.

Senator LUNDY—And is that system now leading the world?

Mr Gibbs—We think it is, yes. The number of times our staff are invited to go around the world to talk about it is some indication that other people think so as well.

Senator LUNDY—Notwithstanding the efficiency dividend and the claims that you are able to make on the department of finance about your increased salaries and costs, are you subject to any indexation in your annual funding?

Mr Gibbs—No. The capital use charge was an impediment for us, and that was ended last year, as you probably know.

Senator LUNDY—So in general terms, any increase in your budget to cover your operational costs requires a new pitch every financial year to try and recover perhaps some money lost through the efficiency dividend or indeed for special projects or new initiatives. That is really pitching up through the—

Ms H. Williams—There is a cross-government parameter adjustment for departmental funding, so that comes in as the efficiency dividend takes effect. It is a case of ups and downs.

Senator LUNDY—I appreciate that; I am just trying to get a feel for how the Archives are able to take steps in their work within the existing budget—it seems pretty tight to me—and whether that requires a decision at government level to support a given project in order to allow you to increase your funding.

Mr Gibbs—As I described earlier, the way we have done it up to now is to try to do it in facilities and the operational areas. As I said, we have got that 25 per cent saving on POE; our collection has been reduced by 25 per cent. The collection reduction has involved material that was not archives of the Commonwealth, but came from a time when we were a storage dump for government around the country. Until now we have been able to achieve those savings in material areas without any effect on staff numbers and without really affecting delivery of services to either government or other users.

Senator LUNDY—Will that be sustainable? Will you be able to keep extracting efficiencies from that process or have you got rid of all the fat now?

Mr Gibbs—From my reading, I am sure that, when it first came in, no-one in the Archives thought we would be able to do it even in the first year. Four years later we are still doing it. I am very confident that we will be able to. It requires ingenuity, but up until now it has been done within our staff numbers, and our services have not been affected.

Senator Kemp—In fact, it is probably true to say that your staff numbers have risen.

Mr Gibbs—Yes, they have.

Senator Kemp—Just for the record, I have some figures here which suggest that there were 368 full-time equivalents in 2000-01 and 420 at 30 April 2004. There has been a substantial rise.

Senator LUNDY—It is very important work, as I am sure you understand.

Senator Kemp—It is important to get it on record. You keep going around saying that cultural institutions have been cut. It is important that the facts come out. I will be looking very closely to see what the Labor Party policy is on the efficiency dividend—to see whether Mr Latham has made any comments on that and whether the Labor Party proposes to abolish it. My understanding is that the Labor Party does not propose to abolish it. That is worth putting on the record as well in case someone is misled.

Senator LUNDY—Do you want to swap seats?

Senator Kemp—No, I just want to make sure. I have seen the way that you have misused figures before, Senator Lundy. I am very keen to make sure that accurate figures are put on the record so that, when journalists see this, they understand that the Archives have not been cut; in fact, the Archives have significantly expanded their operations over the term of this government. The dividend issue is one which, as far as I am aware—unless you correct me—the Labor Party accepts. Asking questions along those lines to pretend that the Labor Party would abolish the efficiency dividend is probably misleading. Those are the issues that I am going to keep on raising during the morning if I feel—

Senator LUNDY—All day?

Senator Kemp—No. I am going to make sure that the facts are on the table so that, when people read the *Hansard*, they can see whether the figures that you are giving are accurate or not. I have a full list here of statements you have made in the press which are plain wrong. Mr Chairman, I am going to exercise my prerogative to make sure that the record is corrected.

Senator LUNDY—You are obviously under some pressure, to be so bothered to—

Senator Kemp—No, not under pressure, just getting—

Senator LUNDY—Excuse me, I am speaking. To run a whole day worth of interference.

Senator Kemp—No, I am not interfering.

Senator LUNDY—Which will not only blow out our time but also impact on Senator Hill's capacity to appear tomorrow for the environment. We are obviously in for a very long day.

CHAIR—I suggest that we get on with the questions.

Senator LUNDY—I flag now that we will continue until tomorrow.

Senator Kemp—I do not think it will take too long to correct the figures, but I do plan to do that. I put you on notice that I am not going to allow a misleading impression to be created by you. You go around saying that institutions have been cut when they have not: they have expanded. It is important that we get the record straight.

Senator LUNDY—Chair, I flag with you that, if the minister is going to interrupt consistently this morning, which he has just told the committee he will be doing, I am anticipating that this program will extend into tomorrow morning and you should advise the environment portfolio people accordingly.

CHAIR—We hope to finish it today. We will not be extending this until tomorrow. It is a different portfolio.

Senator LUNDY—The minister has just said he will be—

CHAIR—He will be providing balance, but let us proceed.

Senator LUNDY—He will be interrupting my questions all day.

CHAIR—Let us proceed with the questions.

Senator LUNDY—I have worked really hard to keep to the time.

CHAIR—We are wasting a lot of time.

Senator Kemp—I would like to clarify for Senator Lundy that I expect the interventions to be brief and to the point, making sure that the correct figures are put down. That is the point I am making.

Senator LUNDY—I am sure someone—

Senator Kemp—I am quite happy for one of your staff members—there does not seem to be one here—to put a stopwatch on it. You will find that the time taken up is quite limited.

Senator LUNDY—We might do that.

Senator Kemp—I know it will vex you that your figures are going to be corrected, but I put you on notice that they will be.

CHAIR—Let us proceed.

Senator LUNDY—We will time your interventions, Senator.

Senator Kemp—Good.

Senator LUNDY—You have wasted approximately 10 minutes so far all up. The National Library of Australia received \$9.9 million over four years to meet its collection storage requirements. This will apparently enable the National Library to construct and operate a purpose-built storage facility so that valuable records can be preserved. Will the NAA be able to access that storage facility in the future and what is your contribution to that storage facility, if any?

Mr Gibbs—Since the National Library put up the submission for that facility, we have been in discussion with them. The understanding is—and we are in discussion with them now—that we will have access to a proportion of that facility for our records based in Canberra. The figure we would like—and I think it is acceptable to the National Library—is about 10 kilometres of records.

Senator LUNDY—Do you have a storage shortage problem at the moment at the Mitchell premises?

Mr Gibbs—Around the country it varies. Some facilities around the country are not full; others are. We are developing a strategy for moving records around the country so that we do have access—in particular, moving some material from Mitchell so we can take in further records. It is not a storage problem, but it is something that needs to be actively worked on or it would become one.

Senator LUNDY—Do you have agreement from the National Library to provide you with that storage space?

Mr Gibbs—In the new facility?

Senator LUNDY—Yes.

Mr Gibbs—Yes, there was an understanding from when the submission was developed that we would.

Senator LUNDY—Are you contributing financially to that initiative?

Mr Gibbs—We would be paying lease costs I would think. The arrangement would be that we would pay a lease share of the amount of space we took in the new facility.

Senator LUNDY—What will the cost of that be? Has that been worked out yet?

Mr Gibbs—I have no idea yet. I was contacted by the Director-General of the National Library before the announcement was made, reiterating the offer for us to come into it. But it has not got to that level of discussion yet.

Senator LUNDY—What is the cost of the upkeep of the Mitchell premises generally?

Mr Gibbs—Can I take that on notice. In terms of total upkeep I would have to take that on notice.

Senator LUNDY—Okay. Also on notice, can you provide a list of what you would consider projects or initiatives that you have undertaken?

Mr Gibbs—Sure.

Senator LUNDY—Obviously the standards for Commonwealth agencies and departments on the archiving of electronic information is an important one. And good luck with your launch today.

Mr Gibbs—Thank you very much.

Senator LUNDY—Thank you. That is all I have.

Senator Kemp—Mr Chairman, I just put on record that I have some figures here in relation to the overall budget of the Archives. I notice that in 1996-97 the budget of the Archives was some \$33 million; the equivalent figure for the coming financial year is \$65 million. As to full-time equivalents at the Archives, there were 356 at 30 June 1996; today there are in the order of 420. I thought it would be of interest to have those figures.

CHAIR—Thank you. We thank the Archives for appearing this morning.

[9.29 a.m.]

Department of Communications, Information Technology and the Arts

CHAIR—We will deal with 3.5.

Senator LUNDY—If 3.3 and 3.5 could both come to the table, that is probably a reasonably efficient way to deal with it.

CHAIR—We welcome Dr Badger and his colleagues.

Senator LUNDY—In relation to new output 3.5, we heard last night that there was a transfer of some \$12 million from the former NOIE budget to the department. Can you explain where that fits in and if it is in fact the allocation now alongside new output 3.5 in the portfolio budget statements?

Dr Badger—The amount of money that has been transferred into the department for the information economy function is, in effect, spread over two outcomes in the department, 3.1 and 3.5. It is predominantly in 3.5.

Senator LUNDY—Just to clarify, when we were talking to AGIMO yesterday we eventually found the right figure, we think, and I am just getting that figure up on my file now—

Dr Badger—The figure is 12.2. It is on page 320 of the PBS.

Senator LUNDY—Is it \$12.461? Is that the figure on 320?

Dr Badger—Yes.

Senator LUNDY—Again, there are two figures there—\$12.495 and \$12.461. Which one is it?

Dr Badger—I will have to find the difference between the two. I suspect that is an accounting between the two years—one of these parameter figures—but I will check. Effectively, the amount of money is \$12.4—somewhere in that area—that has been transferred to the department for these functions.

Ms H. Williams—I could read you the exact figures if you want.

Senator LUNDY—I beg your pardon?

Ms H. Williams—I could read you the figures across the out years.

Senator LUNDY—Yes, please.

Ms H. Williams—For 2004-05 it is \$12.495; 2005-06 is \$12.514; 2006-07 is \$11.521; and 2007-08 is \$10.808.

Senator LUNDY—You said that was spread across two departmental outputs?

Dr Badger—The great bulk of it is in 3.5, as you identified.

Senator LUNDY—How much?

Dr Badger—We would have to take that on notice.

Ms H. Williams—We are still completing next year's final estimates for the department so we would have to take that on notice. We can come back to you; it is going to be complete within the week.

Senator LUNDY—Which other output is it in?

Dr Badger—Output 3.1 The discussion you had the other night related to the broadband funds and that activity. That was predominantly against 3.1—as was some work related to security and critical infrastructure, I think.

Senator LUNDY—But these departmental appropriations are separate from the administered expenses. So the proportion would be the amount needed to administer those programs that we identified now under 3.1, which was the national broadband strategy, effectively.

Dr Badger—On the proportion that has gone to 3.1, there is an explanation of the way the price of the outputs is derived in the PBS, I think on page 27. Essentially, when a function is absorbed into a new agency and you get a certain amount of resources transferred, the way in which the new agency assigns those resources across its own outcomes, even if it adds a new

outcome, is determined by the allocation of total overheads—for example from the new department or the new agency—and a judgment from that agency as to the resources needed to fulfil the requirements of the output. So something that may have one number in one agency will, when it is transferred, because of the new environment in which it operates, have different numbers.

Ms H. Williams—But also there are other things. For example, we talked about the extra security money. There are a lot of things that impact on this.

Senator LUNDY—I am just trying to get as deep an understanding as possible.

Ms H. Williams—We can come back to you when we have finalised budgets—

Senator LUNDY—Will I have to wait till the day of the next round of estimates, as I did with many of the questions?

Ms H. Williams—No, I am going to finalise them in about a week and a half.

Senator LUNDY—That would be truly excellent. I will not hold my breath.

Ms H. Williams—Please do not for a week and a half, but we are on the way to finalising them.

Senator LUNDY—Going back to the departmental appropriations for 3.1, can you tell me whether the figures identified in the portfolio budget statements there include this proportion of funding from the agency formerly known as NOIE?

Dr Badger—Yes.

Senator LUNDY—They are already there?

Dr Badger—In 3.1 for the next financial year part of the resources that go to make up the cost of output 3.1 is some of the resources that came from the old NOIE into the department.

Senator LUNDY—The total of which was that \$12.495. So at the moment, for this portfolio budget statement to add up, that proportion of the \$12.495 would not have been placed in the line item for departmental appropriations for 3.1 as yet?

Ms H. Williams—The RTI funding was being moved across, if that is what you are getting to.

Senator LUNDY—I know the administered expenses have, but the actual departmental appropriation part—

Ms H. Williams—It is part of that.

Senator LUNDY—It is already there?

Ms H. Williams—Yes. The adjustment is on the margin. I am finalising department funding of the moment, but it is on the margin.

Senator LUNDY—So it is not much.

Ms H. Williams—No.

Senator LUNDY—There is no missing bit of money between the \$12.495 and the difference?

Ms H. Williams—No, it is very much on the margin. A couple of consultancies here, something else—

Senator LUNDY—So you do not need any more money for departmental appropriations to manage those administered expenses in 3.1.

Ms H. Williams—Well, as John Grant mentioned yesterday, when we did the division we agreed the split of departmental expenses to go with what is being transferred. The adjustment is only whether we can afford so many consultancies or whether we have to pull back on those, something like that. It is minor. It is just that we do not have the exact figure.

Senator LUNDY—So what you will give me is just a document showing what that marginal adjustment is to the \$12.495 figure and possibly that 3.1.

Ms H. Williams—We will give you the final figures.

Senator LUNDY—How come you are able to give me appropriations for 3.5 but you cannot give them to me for 3.1?

Dr Badger—The figures are the transferred amounts from the budget that used to be NOIE's as opposed to the out-year figures for the outcome.

Senator LUNDY—So what you gave me does not necessarily represent the out years?

Ms H. Williams—That was the transferred money.

Dr Badger—That is the transferred money in terms of real resources. What it does not tell you is the out years for the actual outcomes as described in the PBS because, as the secretary explained, that requires an internal—

Senator LUNDY—If there is \$12.495 million, why does the PBS say \$14.549 million for output 3.5 for 2004-05?

Dr Badger—The difference is the allocation of primarily departmental overheads and related expenses to the achievement of that output. As I said before, when you assimilate a particular function into a new agency, that agency then must make a judgment about the total resource package in that environment to achieve that output. So the numbers may well be different depending on the environment. In this particular case, there is not only that factor operating but there is also a new budget measure related to security, and that needs to be taken into account.

Senator LUNDY—That is the \$1.2 million, \$1.3 million, \$1.4 million.

Dr Badger—Yes.

Senator LUNDY—So that is also included?

Dr Badger—I think part of it is in output 3.1.

Senator LUNDY—But there is still a difference if you add \$1.2 million to \$12.495 million.

Dr Badger—It is related to accounting. It is not a loss of resources; it is related to the way in which the accounting system allocates total prices of outputs within a particular agency. The accounting formula works depending on the nature of the agency in which it is. Because of the changes and reassignment of functions against the different outputs, you are not talking about apples and oranges but they are different so they cannot be directly compared. The numbers that tell you how much has come into the department over the years are the numbers that the secretary read out.

Senator LUNDY—We also heard last night that this new output picked up the business and community aspects of the work of the agency formerly known as NOIE.

Dr Badger—Yes, Mr Grant said that.

Senator LUNDY—Is that right?

Dr Badger—Yes, it is right. What it did was take a series of functions—business activities like security, ITOL and those sorts of programs; work on understanding the impact of ICT and that sort of thing. They were a series of functions announced at the time in an information sheet that the minister put out.

Senator LUNDY—So in terms of ITOL, that is identified as an administered expense.

Dr Badger—It is.

Senator LUNDY—Is that the only administered expense under output 3.5?

Dr Badger—That has been transferred. The RTI funds have also been transferred. That is the one in output 3.1.

Senator LUNDY—I am looking at administered expenses under output 3.5, under this new bit.

Dr Badger—ITOL is under output 3.5.

Senator LUNDY—Does ITOL end in 2004-05?

Ms H. Williams—No, 2005-06 is the last funded year.

Senator LUNDY—So there is another \$2.5 million in that year?

Dr Badger—Mr Cross has the numbers.

Ms H. Williams—It is \$2.5 million both years.

Senator LUNDY—Okay. Is that the only administered expense under output 3.5, the new bit of the department?

Dr Badger—My understanding is that that is the only administered item that is related to output 3.5.

Senator LUNDY—So in picking up a series of functions that related to business activity and community—

Dr Badger—There is a series of other functions related to statistics, studies on the impact of ICT on the economy, work with the states through the Online Council—

Senator LUNDY—I thought AGIMO did that.

Dr Badger—The Online Council? No. Responsibility for providing the secretariat to the Online Council was through the information economy division of the old NOIE, as it was called then, and that has been transferred to the department.

Senator LUNDY—So what is the role that AGIMO has with the Online Council? Are you able to tell me? It definitely said that it had a role with the Online Council.

Dr Badger—They certainly get involved in projects that the Online Council has related to the functions that AGIMO has—various government users of IT et cetera. There has been a series of joint Commonwealth-state projects on things like authentication; they will continue and AGIMO will have a strong role in that. It is just the same function that was in the executive agency called NOIE. The department had a strong involvement in the Online Council through the functions for which it was responsible that were also matters of interest to the Online Council.

Senator LUNDY—Is this new area called the office of the information economy, or OIE? The term was used numerous times in budget statements—

Ms H. Williams—Dr Badger is head of the office of the information economy as well as a deputy secretary.

Senator LUNDY—So it is called the office of the information economy?

Ms H. Williams—It is actually called the division of the information economy but he is head of the office, yes.

Senator LUNDY—Can you explain that structure to me, please?

Dr Badger—The structure?

Senator LUNDY—The structure—it is a new division.

Dr Badger—Essentially there is a division in the department called the information economy division, and that performs the bulk of the functions related to the information economy that were in the old NOIE. That provides the core of an office, as the minister said. I have a role in overseeing that, but the role of head of the office is to look at other matters that relate to the information economy that may in fact be carried out in other areas of the department.

Senator LUNDY—Like in AGIMO?

Dr Badger—No, AGIMO is the separate executive agency. For example, the minister said in his press release that one of the reasons for putting that function in NOIE back into the department was to bring greater linkages between not only the development of ICT but also its application, which was the NOIE emphasis. So one of my areas of responsibility is overseeing the parts of the department that deal with, say, the ICT industry.

Senator LUNDY—So the areas under 3.3?

Dr Badger—Yes, although they remain in the division that they have remained in. I am responsible for that.

Senator LUNDY—Does the area of ICT industry development come under the division for the information economy?

Dr Badger—No.

Senator LUNDY—Why not?

Dr Badger—The structures—

Ms H. Williams—It is a separate division.

Senator LUNDY—What division is that—the division of ICT industry development?

Dr Badger—Yes, and intellectual property, the division that you have—

Ms H. Williams—Dr Badger has responsibility for both.

Dr Badger—I have responsibility for both.

Senator LUNDY—So you are head of both divisions?

Dr Badger—No.

Ms H. Williams—He is the deputy secretary with responsibility for both divisions.

Dr Badger—I am the deputy secretary; that is right.

Senator LUNDY—But you also do the division of information economy?

Dr Badger—The head of the actual information economy division is Mr Besgrove.

Senator LUNDY—Where is he?

Dr Badger—He is unable to be with us. That is why I am here; otherwise I would be somewhere else.

Senator LUNDY—Dr Hart, you are the—

Dr Badger—The head of the other division.

Dr Hart—Yes.

Senator LUNDY—We solve mysteries every day in estimates. What else do you do in the division of the information economy, Dr Badger?

Dr Badger—There is a set of functions that were set out in an information sheet at the time of the split. I can give you the table, if you like.

Senator LUNDY—Yes, by all means. Do you get involved in the free trade agreement at all?

Dr Badger—Most of the involvement in the free trade agreement was done through the department. There was a group, which I think Ms Holthuyzen put together, to bring things across to the department. The old NOIE contributed to that.

Senator LUNDY—What is the role of the office of information economy now with respect to the ongoing work associated with the free trade agreement, specifically the program of legislative change or changing policy and programs?

Dr Badger—The issues that we were predominantly interested in were to do with e-commerce; you are starting to test my memory now, but I think those matters were not a major point of contention in the deliberations. There are, of course, issues related to the broader impact—because the information economy is a rather broad concept—that are picked up in other areas of the department.

Senator LUNDY—Just on that area of e-commerce, it is one of the shorter chapters in the free trade agreement. Are you able to provide for the committee an insight into what you think the key considerations are for the Australian information economy and the e-commerce provisions of the free trade agreement?

Dr Badger—I am sorry, I missed the first part of your question.

Senator LUNDY—Are you able to give the committee an insight into the impact the e-commerce provisions of the FTA will have on the information economy in Australia?

Dr Badger—The major impact for e-commerce in Australia is, if you like, the broad impact of a greater interaction between a smaller economy such as Australia and a larger economy like the US. It is as much driven by the overall impact of such an agreement. The e-commerce part of the agreement specifically notes that there will be no barriers to trade conducted electronically and that Australia will still be able to regulate things to do with e-commerce for public policy purposes. The impact is as you would expect. If you have a broader degree of interaction between the Australian and the US economies, the e-commerce activities in Australia will be positively affected.

Senator LUNDY—Have you conducted a study to draw that conclusion?

Dr Badger—I will have to check, because I have not been around for a little time, but I doubt whether there has been a specific study done on e-commerce per se, because e-commerce tends to be the thing that underpins all commerce. It is an efficiency tool, not an industry sector in its own right.

Senator LUNDY—On what basis do you draw the conclusion that the e-commerce provisions of the FTA will be generally beneficial?

Dr Badger—The conclusion is based on a general assumption that if you have a larger degree of activity involving entities in Australia involved in e-commerce then you are going to have a positive impact.

Senator LUNDY—That was your advice to the minister?

Dr Badger—Certainly, in the discussions on the e-commerce part of the agreement the contribution from the NOIE group involved was, yes, that there was nothing in the agreement that we could see causing a problem and that the overall impact would be positive.

Senator LUNDY—Did you ask any external consultant or expert?

Dr Badger—I would have to check, I honestly do not know.

Senator LUNDY—Would you take that on notice, please.

Dr Badger—Yes.

Senator LUNDY—Dr Badger, there have been a number of concerns raised about the e-commerce section of the free trade agreement through various witnesses and submissions. I find it very interesting that the department has provided advice that it will be a net greater benefit. I am very interested as to what, if anything, that assumption was based on. I also ask you, on notice, to review the submissions relating to the e-commerce chapter of the free trade agreement and inform the committee whether they support your view or differ from your view.

Dr Badger—Yes.

Senator LUNDY—Are you involved in any drafting or preparation of changes to Australian law that may result if the free trade agreement is to go ahead?

Dr Badger—Certainly there is no direct involvement from the group of functions that used to be in NOIE. However, as you are well aware, the intellectual property part of the department which forms part of one of the divisions that we have discussed that I have oversight responsibility for is certainly heavily involved in it. You discussed that yesterday.

Senator LUNDY—We discussed that last night. One of the areas—it crosses many areas within this department, so bear with me—is obviously digital content and software and applications. Given the huge proportion of digital content that we currently import as opposed to export, and given that that is arguably likely to increase in proportion as far as inputs go, or so some people have asserted in relation to the free trade agreement, what strategies or issues has the office of information economy got in place to deal with our capacity as a country or economy to continue contributing to the production of content, software and applications?

Dr Badger—Putting aside assumptions that people may make about the directions of the impact of the free trade agreement—

Senator LUNDY—You have made some; someone else has made some in the opposite direction.

Dr Badger—The sort of strategies are those related to strengthening the ability of the Australian economy to participate in the production of digital content. On the arts side of the department there is a strong interest in digital content activities. In terms of the old NOIE's activities, the predominant work that we do is about trying to get elements of the Australian economy to be as familiar as possible with the efficiency benefits of participating in e-commerce. That is where ITOL and related programs come in. The other part of it is to do with trying to get industry groups to cooperate with one another to overcome some of the impediments in the system—to get common standards et cetera to allow more Australian firms to participate in that part of those activities.

Senator LUNDY—So you are very much corralled from the industry development aspect—I guess that is what I am coming to—of whether it is software content, applications or whatever.

Dr Badger—The general—

Senator LUNDY—You are trying to get people to use it.

Dr Badger—I am talking about the old NOIE perspective. Part of the department's ongoing involvement in the ICT industry and in the digital content industry has been about strengthening those sectors. Over the years there have been activities in software to improve the standard of software production et cetera. A lot of the government's long-term ICT industry support measures are related to the same sort of thing—strengthening the industry to enable it to stand on its own feet and to take advantage of developments in the world information economy.

Senator LUNDY—Do you have carriage of the framework for the future stuff?

Dr Badger—Dr Hart's division is responsible for the framework for the future stuff. The old NOIE participated in that activity through predominantly work on the future studies about directions of the world IT industry. Of course, now that we are all in the department, one of my roles is to maximise the links between one and activity and the other.

Senator LUNDY—So the fact that there is a separate division for the information economy—am I correct in saying that the demarcation between you and the division for IT industry development and intellectual property is really something where you are looking at how ICT is integrated into business and commerce as opposed to how to grow the industry or support it?

Dr Badger—There are two. Essentially if you look at the primary focus of the two divisions you are talking about, that is the general split, although the ICT and intellectual property division does have some other functions. But they are just two divisions of the one department. They are not in separate portfolios or even separate agencies. The resources allocated to each area are determined across the department by the secretary and, as I said, the role of the deputy secretary is to maximise the links between the two. As the minister said in the announcement, one of the prime reasons for making this change at this time was to emphasise that type of linkage.

Senator LUNDY—Just going to the ITOL program, funding for that concludes in 2005-06. Is it anticipated that that program will be extended beyond that financial year?

Dr Badger—No.

Senator LUNDY—How will the office of information economy achieve the goals of more effective use of ICTs amongst small business?

Dr Badger—The functions of the division related to the take-up of ICT and overcoming the impediments to e-commerce go further than simply the opening funds that are administered through ITOL. For example, work on security, which is one of the major issues in e-commerce these days, will continue through the new budget allocation but is also part of the core functions for which that group is funded. We do a series of things which are essentially jawbone activity—talking to industry groups about them cooperating. That work will continue. We put out 'how to' guides on various things. We do some of that through our admin funds—the work of the staff. The stopping of the ITOL grants will bring to conclusion one type of activity.

Senator LUNDY—Can you tell me why Telstra got an ITOL grant?

Dr Badger—No.

Senator LUNDY—They are not exactly a small business.

Mr Cross—Can you be more specific? We have had over 100 ITOL projects over the eight years of its life.

Senator LUNDY—I am referring to the list that was provided to me by you. In that list, it says, ‘Telstra North Sydney, \$50,000’. Why on earth is Telstra getting \$50,000 through a small business grants program designed to increase the uptake of e-commerce, particularly when they have just said that they want to send all of their own jobs offshore anyway? Is that something you support?

Mr Cross—The ITOL program is a collaborative program and in each funded project there have to be at least three parties to the project. From my recollection, Telstra was involved in one project with a provision and supply chain in clothing. They participated to develop a group of standards for a supply chain application in clothing, and they brought in their expertise as one of the organisations within that project. That is the only project I recollect Telstra participating in.

Dr Badger—I might have sent you on the wrong track on one thing. Although the ITOL program is essentially about improving the effectiveness of e-business or e-commerce take-up by small businesses, we are not giving grants direct to small businesses. The grants we give are usually a catalytic part of the total cost of the project. The emphasis is on collaboration although we expect the major impact to be on small businesses and the major beneficiaries to be groups of small businesses. That is why there is a lot of involvement with industry groups in the ITOL program.

Senator LUNDY—I noticed that. Telstra just stuck out; I do not know why—probably because they are the biggest business in the country. Just on that point, in terms of that project can you tell me whether the standards developed within that project became the intellectual property of Telstra or whether they invested in open standards for that particular piece of software?

Dr Badger—We had better take that on notice, unless Mr Cross has the detailed information at hand.

Senator LUNDY—Okay, please take it on notice. In relation to a number of the ITOL funding projects, the information I have here, as I said, is the name of the recipient, the electorate in which they are located and the funding amount. On this document there is no indication of any collaboration.

Mr Cross—We do publish profiles of each funding round where we outline the size of the grant, show the consortium partners and provide a profile of the project and its objectives. That is available in hard form for each funding round so that we can promote the work that is undertaken and share the knowledge that might emerge. We also publish it on our web site. That information is available, and we have profiles of each project with about two to three paragraphs on each project and all the participants. We promote that quite widely and we would be happy to provide copies of those to you.

Senator LUNDY—That would be helpful, particularly in relation to the very large companies. AMP sticks out as well.

Mr Cross—In relation to some of the large companies, many of the projects which we aim to facilitate involved the integration of e-business applications within supply chains to make sure that there is a facility in them to pick up the small businesses within those supply chains. A large number of the ITOL projects have involved industry associations. Many times they return to the standards platform which underpins the development of e-business within that sector. Sometimes they involve a large company and sometimes they involve an industry association. Often they involve merging e-business applications and trying to create some facility to bridge the gap between small business take-up and the take-up by medium to large firms.

Senator LUNDY—So you fund large businesses to do projects to help small businesses?

Dr Badger—No, that is not how I would present it. We are trying to get collaborative projects where—

Senator LUNDY—If they were collaborative, why wouldn't the small businesses be listed here as well as co-recipients or be listed somehow as beneficiaries?

Mr Cross—In the shorter profiles you have you may not be seeing the full range of consortium partners.

Senator LUNDY—Then I suggest you take on notice to provide that to me.

Mr Cross—Yes, we have. It is published after every funding round and it is available. We can forward that to you.

Senator LUNDY—It would be helpful to have this list with the partners of each project included.

Mr Cross—They have been published after every funding round.

Dr Badger—It is just a matter of putting it all together in the one place for you.

Senator LUNDY—I need your help here: I want the list I have with the information you are talking about on it.

Dr Badger—It will be a bit longer.

Senator LUNDY—That is fine. There is another one I would like to query. The Australian Film Commission received \$135,000. What was that for?

Mr Cross—Is that one of the older projects? It is not in my stewardship of this program. I do not recall it.

Senator LUNDY—I do not know.

Dr Badger—How about we get you the details of that on notice?

Senator LUNDY—Thank you; yes, please. Just going to critical infrastructure protection, the agency formerly known as NOIE did have a role in e-security but was not funded for that purpose. Is the reason you have now been given some money to do something that the agency

formerly known as NOIE failed dismally to have any real impact across the Commonwealth previously?

Dr Badger—No.

Senator LUNDY—Then why do you have the money now? Why has the penny just dropped with the government that security is important?

Dr Badger—The NOIE activity related to broad issues of security and critical infrastructure goes back to at least 1998 or 1999. As you recall, NOIE was an agency that was established to have flexibility in the way it allocated resources and to move resources and staff from one priority to another. Very early on in the life of NOIE, one of our areas of activity and interest was critical infrastructure security and broader areas of activity, so that became one of the agency's priorities. Part of our core funding has always been related to that as a priority. We put particular resources into the previous package of critical infrastructure; there was an amount of money as part of a previous budget—I think \$1 million over a couple of years. That was an assignment of our internal resources. This additional money is to build on that work that has been done to carry out particular types of activity related to areas in, say, critical infrastructure protection that people are now saying needs additional work and will require special expert attention to get the rewards. That is predominantly what this money is for. It is a build-on. It is not saying, 'You haven't done anything; here is some money to do it with.' It is a build-on on the stuff we have done and allows us to up the ante on the activity we have.

Senator LUNDY—Earlier you mentioned the work that was being done in preparing the government's response to the inquiry into the integrity of Commonwealth information. Is that suite of issues something that you will indeed have carriage of as part of the office of information economy—

Dr Badger—You discussed that last night with Mr Grant?

Senator LUNDY—Yes.

Dr Badger—The protection of the government's own systems in terms of this portfolio is predominantly with AGIMO. The government infrastructure forms part of the broader national infrastructure; from that perspective, the department has an interest. Predominantly that particular thing you are talking about is being handled out of AGIMO, I think.

Senator LUNDY—Your involvement is really engaging with the private sector?

Dr Badger—Our engagement is predominantly with—

Senator LUNDY—Do you provide the secretariat and support for the trusted information sharing network?

Mr Cross—The trusted information sharing network is managed out of the Attorney-General's Department. DCITA has a number of aspects as part of that shared information network; they relate to an IT expert advisory group which reports to and advises the Critical Infrastructure Advisory Council, which is a clearing house for the trusted information sharing network. The department also provides a secretariat to the Communications Sector

Infrastructure Assurance Advisory Group, which advises the Critical Infrastructure Advisory Council on the telecommunications sector.

Senator LUNDY—I will now move onto output 3.3. Can you tell me what the current out year figures are for the ICT centre of excellence?

Mr Allnutt—The out year expenditures for NICTA in 2004-05 are \$17.2 million. In the following year, 2005-06, they are \$23.500 million. In 2006-07 they are \$23.970 million. In 2007-08 they are \$24.449 million. In 2008-09 they are \$24.938 million. In 2009-10 they are \$25.437 million. In 2010-11 they are \$25.946 million.

Senator LUNDY—Why has the government made a decision to extend that funding so far into the out years?

Dr Hart—It was very important for an institution like NICTA, which is about the long-term delivery of ICT research, to have that security.

Ms H. Williams—In particular, to actually attract the people of excellence that it needs to do the work.

Senator LUNDY—Can you just remind me what the previous allocation under the old Backing Australia's Ability 1 took that funding to?

Dr Hart—It was \$129 million under BAA 1, of which \$67 million came from the DCITA portfolio.

Senator LUNDY—I just want to understand the crossover with the new funding that was announced.

Ms H. Williams—Do you want to take NICTA back?

Senator LUNDY—Yes, if you could take me back with the DCITA proportion of the funding.

Dr Hart—In 2002-03 it was \$10.3 million. In 2003-04 it was \$11.3 million. In 2004-05 it was \$17.2 million. In 2005-06 it was \$23.5 million.

Senator LUNDY—Is that the DCITA component?

Dr Hart—Yes, that is the DCITA contribution. It was virtually matched dollar for dollar by the ARC.

Senator LUNDY—Is the new funding—the \$23 million, \$24 million, \$24 million, \$25 million, \$25 million—also matched dollar for dollar under the new arrangements?

Dr Hart—Yes, it is.

Senator LUNDY—So the proportions have stayed the same?

Dr Hart—Yes, they have.

Senator LUNDY—And effectively that new money comes in in 2006-07?

Dr Hart—It does.

Senator LUNDY—What stage is NICTA at? Are they meeting their scheduled performance targets in accordance with their agreement with the government?

Dr Hart—Yes, they have. In terms of the number of staff that they have put on and the progress they have made in establishing their research programs they have met considerable milestones.

Senator LUNDY—With respect to their research programs, one of the attributes I remember being highly praised at the announcement of NICTA's successful bid for the centre of excellence funding was the focus on and development of the research program contained in their bid. Is the research program that they have recently announced the same as what was contained in their original bid?

Dr Hart—I have not actually made that direct comparison but I would imagine that it is very similar. They have been working hard to develop the kind of focus that you would have heard about at that announcement at CeBIT and to encapsulate the research priorities. They do now have priorities that are focused on, for example, turning data into knowledge, trusted wireless networks and so on. They may have been articulated in a broader way in the research proposal but they have been, over the past few months, really consolidated as part of the program planning that a new organisation goes through.

Senator LUNDY—I am at a little bit of a loss as to why NICTA had a strong research program when they received funding. It is now 2½ years down the track and they have just announced their research program. That looks as though they have changed their mind or something has changed in terms of the priorities they want to place on their research program. I need you to be able to prove otherwise.

Dr Hart—I think you have to take into account the fact that they have been going through the kind of rapid growth that is necessary to establish an organisation like NICTA. They have been bringing on board all the researchers and so forth. They were not in a position to consolidate the priorities or to articulate them in quite the crisp way that they have recently until they had all of those building blocks in place. I do not think it is a question of a change of direction.

Senator LUNDY—How many staff do they have?

Dr Hart—They have about 138 researchers, running across something like 12 research programs.

Senator LUNDY—At what stage of development are their physical premises?

Dr Hart—You will be familiar with where things are in the ACT.

Senator LUNDY—Do not assume. I would like you to give me an update, please.

Dr Hart—I do not have the details. That is a matter for NICTA in consultation with its other partners. Similarly, with the New South Wales premises it is a matter for NICTA in discussion with the New South Wales government and the University of New South Wales.

Senator LUNDY—There is no-one at the table who can tell me?

Dr Badger—We can ask NICTA to give the committee an update on that issue. NICTA reports on its goals and milestones under the agreement. That refers to those sorts of things in a much more general way. If you are interested in where particular sites are, that is the best way to do it.

Senator LUNDY—Of course. It is a fully funded government program; I would have expected that someone would be here to answer specific questions about the operation of NICTA.

Dr Badger—It is not fully funded.

Senator LUNDY—You are absolutely right. It is funded for tens of millions of dollars.

Dr Badger—The Commonwealth gives essentially a grant in aid to NICTA.

Senator LUNDY—Is it reasonable to get someone from NICTA to come along to the estimates committees to help this process of answering questions, particularly in light of the fact that you are not able to tell me what I want to know? Not now, obviously.

Dr Badger—I think the best thing to do would be to arrange for NICTA to give you a briefing on the issues that you are interested in.

Senator LUNDY—I am sure that that can be arranged at any time. The question about NICTA being accountable and appearing at Senate estimates is a valid one. Minister, what do you think of that idea?

Senator Kemp—It is an interesting issue. They are funded by a grant in aid; there would be similar organisations, I imagine, throughout government. Whether estimates would be extended to those organisations, I do not know. Is there a precedent?

Senator LUNDY—I do not know.

Senator Kemp—I suspect that any inquiry into this might suggest that this is a significant extension of the estimates process.

Senator LUNDY—I am not seeking a precedent; I am just trying to work out a practical way to—

Senator Kemp—But precedents do operate in this. For example, would you call Opera Australia before the estimates? You could say that they get a significant grant from the government. I am not proposing that we do—I am not advocating that—but once you decided to—

Senator LUNDY—I would be happy to.

Senator Kemp—Yes, but then—

Senator LUNDY—But I take your point; I am not—

Senator Kemp—But, I would have to say, you would—

Senator LUNDY—We could be here another three days.

Senator Kemp—It would be an extension. All I am saying is that I think people should think carefully about it.

Senator LUNDY—I think the issue is that NICTA is obviously a very important program: it is funded with a great deal of taxpayers' money—

Dr Badger—There are general parallels with cooperative research centres. The money is allocated and grants given in not too dissimilar ways in that there are components from other groups. They are the sort of parallels.

Senator LUNDY—To facilitate this, could you take on notice to provide the committee with information as to the performance of NICTA against the pre-established KPIs. One of NICTA's goals was to create strong relationships with small businesses in the ICT area. Are you able to tell me how that is developing and what is the nature of its collaboration with SMEs?

Dr Hart—That will be one of the areas that is reported on in the annual activity plan, and it is certainly something that I know they are pursuing with some priority. Just as they are involved in collaborating with other research organisations—CSIRO, DSTO, the CRCs—they are involved in forming partnerships and collaborations with SMEs. They are building networks in terms of possible joint product development agendas and looking at setting aside an area of their budget that can actually go to SME research grants.

Senator LUNDY—Have they already done that?

Dr Hart—I think they have, yes. There is certainly somebody within NICTA who is working on that area.

Senator LUNDY—Do you know how much they will be allocating to that particular project?

Dr Hart—I do not know, no.

Senator LUNDY—Could you take that on notice. Will the annual activity plan of NICTA be a public document?

Dr Hart—Yes, I think so.

Senator LUNDY—When is that due to be released?

Dr Hart—They have provided it.

Senator LUNDY—They have?

Dr Hart—Yes.

Senator LUNDY—It is in the possession of the department?

Dr Hart—It is, yes.

Senator LUNDY—When are you going to release it? Does it need to go to the minister's office?

Ms H. Williams—I think the idea is that it has to go to the minister. We will consult and come back to you.

Senator LUNDY—That will go to the minister's office and then the minister will decide whether or not to release it, or when to release it?

Ms H. Williams—I think we will have to talk to the minister about that; we will come back to you.

Senator LUNDY—Your understanding is that it will eventually become a public document?

Ms H. Williams—We think so.

Dr Hart—I have just been advised that in fact the 2003 one is already on our web site.

Senator LUNDY—On what date did that go up?

Dr Hart—I do not have the details of when it went up.

Senator LUNDY—It is distinct from an annual report?

Dr Hart—Yes, it is.

Senator LUNDY—When did last year's go up—just to get an idea whether it is going to be in the next month, in the next three months, December or whenever?

Dr Hart—In terms of when the next one is likely to go up, I would imagine it will be quite soon, because it has been recently finalised and it is with the printer.

Senator LUNDY—Can you notify me when that is publicly available?

Dr Hart—Yes, we will.

Senator LUNDY—I want to move on to the BITS funding for both ANP and incubators. Turning to the incubators first, the budget allocated in part some BITS incubator extension funding. On my analysis, it substantially reduced funding to half or less than half of the previous amounts, and it diminishes over time. Can you provide an explanation as to what is intended for that money and how the BITS incubator program will be continued with those diminished funds?

Dr Hart—I think it is perhaps important to go back to how the program started and was conceived. It was conceived as an experimental program with different kinds of incubation models. It was not envisaged that it would continue in toto. However, as you know, a couple of evaluations done on the program were very positive and pointed to the fact that the environment in which they were operating was not the one that was expected at the time the program was set up. Against that background, the government decided that it was appropriate to provide some ongoing funding which would allow the better performing incubators to achieve sustainability through another period of funding. We will be running a process to allow that to take place.

Senator LUNDY—‘Running a process to allow that to take place’. Can you elaborate? Do the existing incubators that are still operating now reapply for funding or have you already made decisions within the department as to which incubators will receive an extension in their funding?

Dr Hart—No, there will be a competitive process in which they apply for funding.

Senator LUNDY—What is the timing of that competitive process? Are all the funds that have been allocated subject to that competitive process?

Dr Hart—Yes, they are. There is a small amount for departmental funding, but all the administered funds are available for that process, and we have started now. We have been developing the guidelines and so on, so we will be progressing it very quickly.

Senator LUNDY—Just for the sake of completeness, can you tell me what the original allocations for the BITS incubator program was and what the new allocation is?

Mr Allnutt—For the original program, there was \$8 million for the in-tellinc incubator—the one in Tasmania—funded under the Intelligent Island program; there was \$75.87 million for the 10 incubators; and there was \$1.95 million for running costs

Senator LUNDY—What were those figures like for the previous financial years?

Mr Allnutt—I can give you the breakdown. For the 10 incubators, the program started in 1999-2000 and the figures for that year were \$19.5 million; for 2000-01, \$6.0 million; for 2001-02, \$21.15 million; for 2002-03, \$17.64 million; and for 2003-04 \$11.58 million. That makes a total of \$75.87 million.

Senator LUNDY—With \$13 million allocated for 2004-05? Can you continue with the new money that was allocated in the BAA 2 announcement?

Mr Allnutt—Yes. For the new money, 2004-05 is \$12.567 million, 2005-06 is \$10.553 million, 2006-07 is \$7.539 million, and 2007-08 is \$3.471 million.

Senator LUNDY—The way that funding has been structured, particularly because the current financial year is at \$11.58m and next financial year will be \$12.467m, that implies that it would indeed be feasible for all of the existing incubators to continue. Is that the general intent? Or are you looking at funding new incubators and perhaps losing the existing ones?

Mr Allnutt—No. The intention is that the better performing incubators only will receive funding, so we currently envisage about six to eight of the incubators will receive funding.

Senator LUNDY—How many are currently in operation?

Mr Allnutt—There are 10 currently in operation.

Senator LUNDY—So you expect three to four to actually lose their funding?

Mr Allnutt—Yes.

Senator LUNDY—Do you anticipate applications from new incubators to be eligible?

Mr Allnutt—No, the programs are available only to existing incubators.

Senator LUNDY—Why is that? This is just a general question given that you have got a competitive process. Why are you putting a fence around it?

Dr Hart—Because it is about giving the existing incubators a chance to achieve sustainability. If you are admitting new ones over such a short program it would be very difficult, so the idea is to actually give the existing ones the full chance to become sustainable.

Senator LUNDY—So as the funding tapers over the following three years is it anticipated that further cuts to the number of incubators will take place or that the incubators will be

funded for a period of three years but be required to be weaned off, if you like, government funds?

Dr Hart—The latter. The profile reflects that and the announcement made by the government was very clear that this was the last tranche of funding.

Senator LUNDY—Right. So do you anticipate that over that four-year program that your funding agreements with the incubators will, in fact, be four-year agreements?

Mr Allnutt—Yes, they will.

Senator LUNDY—You sound very unequivocal about formally ending the program in 2007-08. Is that the government's intention?

Dr Hart—Well, that was part of the announcement in order to create that certainty.

Senator LUNDY—I know this is a hypothetical question but what if there persists in being an argument, based on the fact that there is continued market failure in this area, for government support to continue?

Dr Hart—I suppose that would be a question for the government of the day.

Senator LUNDY—Have you notified all of the existing incubators of the terms and conditions for their eligibility for continued funding?

Mr Allnutt—No. We have issued draft guidelines to them for their comment. We will then be issuing final guidelines and application forms to them shortly.

Senator LUNDY—What sort of additional non-government support does the department anticipate the incubators will be able to access, given that this funding profile requires it?

Mr Allnutt—They have access to a range of funding sources apart from Australian government funds. Their incubatees can access other ongoing government programs such as COMET and so on. Some of the incubators also receive funding from state and territory governments. They also are looking for funding from the private sector and that, of course, is one of the objectives of the program, so they would be looking for investment from venture capital sources. The other final source of income would be return on their own investments in their own incubatees and as the incubatees grow and they have an equity investment in them, they would be expecting to get returns from those.

Senator LUNDY—I guess the reporting and accountability regimes associated with the incubators over the last four years will be the same, despite the fact they will be getting less money each year. Will they still be required to report to the government in the same way?

Mr Allnutt—Yes, essentially we will carry the program on in its existing form. We currently require quarterly reports from them; we intend to continue that process and will be measuring both the performance of the incubators and the incubatees.

Senator LUNDY—Have your performance measures changed following the very comprehensive evaluation studies conducted by Econtech and Allen Consulting?

Dr Hart—That is something that will be taken into account in developing the new deeds. We have some ideas about the different kind of emphases we might want to place: perhaps

more integration of the incubators with other elements in the innovation structure, perhaps more of a focus on requiring them to diversify their financial base. Obviously that was a very useful evaluation and we will have regard to its findings.

Senator LUNDY—What about diversifying their subject matter? I know this is specifically an ICT initiative but what scope is there for the incubators to look at incubating other technology companies?

Mr Allnutt—No, it is designated as an ICT incubators' program. That does not exclude them incubating companies which are in a different area, such as health, where there is an ICT component to the work that they are doing, and that is in fact the case most of the time. They are not just pure ICT companies, they are ICT companies developing software for another industry.

Senator LUNDY—It is ICT to do something else, yes. So, provided ICT is involved in some way, there are few restrictions?

Mr Allnutt—That is right.

Senator LUNDY—How would the eligibility of an incubatee be challenged by the department if there was uncertainty, or if the incubators made a decision relating to their own future sustainability to diversify?

Mr Allnutt—The incubator reports to the department as part of the reporting process and if it were to be diversifying into non-eligible areas then we would draw to their attention that they would be in breach of their agreement with us and they would not be eligible for the funding for that.

Senator LUNDY—Sorry to press the point, but what if their future sustainability was entirely dependent upon them diversifying and whilst they could maintain a presence with ICT start-ups as a proportion they were not able to grow that because of the prevailing market conditions? Would you prevent that diversification?

Mr Allnutt—If that were to be the case we would certainly look at it at the time.

Senator LUNDY—So there is some flexibility?

Mr Allnutt—The way the deeds will be structured there is no flexibility, they must deal with ICT incubators, but if a hypothetical situation were to arise we would obviously look at the situation.

Senator LUNDY—I think that makes sense, given it is going to be a very challenging program for them to create a sustainable base. Certainly to date I think everyone at the table will acknowledge that many of them had the aim to do that but the prevailing market conditions and continued market failure prevented that from occurring. We do not know how much that is going to change over the next five years.

Mr Allnutt—No.

Senator LUNDY—Thanks for that. The issue of industry development for ICT associated with existing government contracts, in particular the ID arrangements of the clustered or

group contracts, how many of those contracts are still operating in such a way as to have ID obligations? Can you go through them individually, please?

Mr Allnutt—There were five original contracts and four of them are still operating.

Senator LUNDY—Which one is not?

Mr Allnutt—The contract with Cluster 3 by CSC has ceased. It ran out in 2002-03.

Senator LUNDY—How long has the health contract with IBMGSA got to run?

Mr Allnutt—It runs until June 2005.

Senator LUNDY—Group 8, Ipex?

Mr Allnutt—It runs until June 2005.

Senator LUNDY—EDS Tax?

Mr Allnutt—It runs until June 2004.

Senator LUNDY—Have you received the industry development reports for each of those contracts for the last financial year?

Mr Allnutt—For 2003-04?

Senator LUNDY—No, you would not have that one yet. We will be waiting another year for that one. No, 2002-03.

Mr Allnutt—Yes, we have received those.

Senator LUNDY—Is that published on the web site?

Mr Allnutt—Yes.

Senator LUNDY—Can you tell me where, because these notoriously tricky links you have put in place make it very difficult to find.

Mr Allnutt—It is in the orange section, the ICT section, and then under that there is a list of headings and there is a heading ‘Commonwealth government procurement’.

Senator LUNDY—I am going to that site now. I do not know what it is, I just cannot intuitively use this department’s web site—and it takes ages to come up. All that expensive investment in the web site and it does not happen like that; and this is broadband. How does anyone on dial-up get in? This must be very frustrating. While we are waiting for the web site, would you like to run through how each of the four contractors performed?

Mr Allnutt—Yes. There were five contracts in that last financial year.

Senator LUNDY—Of course.

Mr Allnutt—I can say that each of them met their target levels.

Senator LUNDY—That is a surprise.

Mr Allnutt—Do you want me to go through them individually or in aggregate form?

Senator LUNDY—I am hoping I can get it up in front of me. I have clicked on the link to that area. Is it under ‘Industry development progress report’?

Mr Allnutt—Yes.

Senator LUNDY—That is much clearer than last time. Last time you did not have any links to it, it was just there floating around in cyberspace. How come you do not have the 2002-03 online version in HTML? It means I cannot look at it without saving it to my disk.

Dr Hart—We are happy to give you a hard copy.

Senator LUNDY—Do you have one here?

Dr Hart—It is just that it might be a bit difficult for Mr Allnutt to talk to his copy if he gives it to you. I haven't got a spare one. But we will photocopy the one we have here.

Senator LUNDY—That would be helpful. It is just taking me forever to get the data up on the screen. While I am waiting, can you tell me what program was put in place in relation to industry development following the conclusion of the cluster 3 contract, particularly because I know CSC did continue in their relationship with some of the agencies and departments within the cluster.

Mr Allnutt—What happened in that particular case was that when the contract was completed, DIMIA and some other elements of the cluster renewed the contract with CSC for another two years. The telephony component went to Optus.

Senator LUNDY—So when they renewed that contract with CSC what were the industry development components for the remaining two years of the contract?

Mr Allnutt—The policy that then operated was the policy that applies to SME participation in contracts over \$20 million.

Senator LUNDY—And was the contract with CSC over \$20 million?

Mr Allnutt—Yes, it was.

Senator LUNDY—So what were the industry development provisions?

Dr Hart—Essentially—and I think we have been over this at the last estimates, and I am not sure that we have all of the details—there was a timing issue in that. When the department was thinking about continuing its contract the older rules were in operation and we exercised the flexibility that was available to us to allow them to continue the existing contract.

Senator LUNDY—Meaning the IT commitments are the same as what they were previously?

Dr Hart—Yes, that is the upshot.

Mr Allnutt—Yes, it is essentially the same.

Senator LUNDY—Can you tell me exactly what they are now under that contract?

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

Senator LUNDY—Surely we can look up what they were before and you can tell me what is different.

Mr Allnutt—Not from memory, Senator.

Senator LUNDY—If you could take that on notice. Can you give me the approximate value of that contract?

Mr Allnutt—No, not from memory.

Senator LUNDY—So would you take that on notice too. The reports still do not break down the performance of each of the different companies. Is that the case?

Mr Allnutt—There are aggregate figures at the front of the report and then each company is reported on separately.

Senator LUNDY—So can you tell me whether, with the extension to the CSC contract with DIMIA, there are both in-scope and out-of-scope commitments?

Mr Allnutt—I believe there would be only in-scope commitments.

Senator LUNDY—So the out-of-scope commitments have been removed. That was exercising your flexibility.

Mr Allnutt—Under the new policy—

Senator LUNDY—No, I am not talking about the new policy. You said that the CSC extended contract with DIMIA was negotiated under the old policy, that is, it extended the existing industry development commitments, with some changes. I am just trying to ascertain what has changed, because what it used to be was both in-scope and out-of-scope commitments. So was one of those changes that you removed the out-of-scope commitments?

Mr Allnutt—Yes.

Senator LUNDY—What in-scope commitments remain?

Mr Allnutt—The principal commitment would be the level of SME participation.

Senator LUNDY—Are there any other commitments?

Mr Allnutt—I would need to get that to you on notice.

Senator LUNDY—Is there any commitment relating to Australian value-add in that extended contract?

Mr Allnutt—The Cluster 3 CSC contract extension sets targets for Australian value added small and medium enterprise participation and AVA with SME participation.

Senator LUNDY—Is there any commitment given about the total net employment?

Mr Allnutt—No, there will not be.

Senator LUNDY—Was there any commitment given about total regional employment?

Mr Allnutt—No.

Senator LUNDY—So the only commitment that carried across was the payments to SMEs component?

Mr Allnutt—I believe so.

Senator LUNDY—What was the percentage target? These are expressed in dollar figures and percentages somewhere else. What was the target you established?

Mr Allnutt—I would need to take that figure on notice.

Senator LUNDY—If you could. Did you not have very much negotiating power with CSC, or is it government policy to wind back substantially the ID commitments?

Mr Allnutt—The responsibility for negotiating it was with the department of immigration; it was their contract.

Senator LUNDY—Did you have any role in that?

Mr Allnutt—We advised them about the government's policy, but it was their responsibility.

Senator LUNDY—Which was that there was not one? What was your advice to DIMIA specifically?

Dr Hart—We specifically advised them of the new rules, talked to them about the approach and encouraged them to comply with the new requirements. They made strong representations to the effect that they had been working on the contract negotiations for some considerable time.

Senator LUNDY—Meaning that they did not take your advice.

Dr Hart—They listened to it with great attention, but at the end of the day they had to conclude an agreement.

Senator LUNDY—So DIMIA were advised of the new requirements, which were that for contracts over \$20 million there has to be an industry development plan—and I will come to that in a little while. DIMIA did not pursue that course. Instead they chose to persist with the previous arrangements, albeit cutting them all back, except for one criterion relating to SME participation, in negotiation with CSC. That is not a policy; that is a complete sell-out.

Senator Kemp—Senator, you are entitled to ask questions. I do not think you are entitled to harass the witnesses or make political points. My view is this: if you want to make political points, I will be making them. I can assure you that any attempt at a political point will be responded to.

Senator LUNDY—You have already told me you are going to be making them all morning.

Senator Kemp—But it is no good you asking a series of somewhat tedious questions and then reaching a conclusion which does not follow.

Senator LUNDY—You do not work for a small IT business struggling for survival, Minister.

Senator Kemp—You are entitled to ask questions and you are entitled to get answers, but you are not entitled to attempt to harass the witnesses. I, for one, will not tolerate it.

CHAIR—It is almost 11 o'clock, so perhaps we could all have a calming cup of tea before we proceed.

Senator LUNDY—Can I just get the answer to this question. What you are telling me is that DIMIA were advised of the government's policy and they chose not to apply it to their circumstance. Is that correct?

Dr Hart—As you know, the actual responsibility rests with the agency—

Senator LUNDY—I do, and your job is to give advice.

Senator Kemp—Hold on, Senator. I want the witness to be given a chance to answer the question. I do not want you butting in.

Senator LUNDY—Certainly.

Dr Hart—That is the position. It is the responsibility of the individual agency.

Senator LUNDY—Indeed. So, to get this clear, you did provide advice and it was not followed by the agency. There was nothing you could do about that, was there?

Dr Hart—We advised them of the government's policies in this area.

Senator LUNDY—Minister, could I ask you if it is government policy to enforce government policy on ICT industry development. If so, why wasn't that done in this case?

Senator Kemp—Is government policy government policy? Yes, it is actually. It follows on that government has a policy. On the generality of your question, it is quite correct: the government has a policy and that is the policy which remains. In relation to your specific complaint, I will take advice.

Senator LUNDY—Yes, please.

Senator Kemp—I am sure that we can respond to you. I think now the time has come, Mr Chairman, for us to take a break.

Proceedings suspended from 11.00 a.m. to 11.19 a.m.

CHAIR—We will resume with Senator Lundy.

Senator LUNDY—Just resuming where I left off in relation to the cluster 3 obligations, is CSC still required to report on those industry development obligations as per the current system?

Senator Kemp—Just before the officers answer the question, I wonder whether we could do a little housekeeping. There is a whole team of people enthusiastically waiting to come on. I think it might be of some help to indicate who is likely to be called before lunch so that those who will not be called before lunch have a chance to do something else. Could you seek guidance from your committee, Mr Chairman?

CHAIR—Senator Lundy, what is your intention?

Senator LUNDY—I think we will be calling the Australia Council before lunch, and after that we will be calling the Australian Film Commission.

Senator Kemp—Why don't we have the Australia Council and the Australian Film Commission wait and excuse other officers until 2 p.m? Is that all right, Senator Lundy, in the spirit of cooperation?

Senator LUNDY—I might try and do the Australian Film, Television and Radio School as well.

Senator Kemp—The Australia Council should stay, the Film Commission should stay, AFTARS should stay, but all other officers can come back at 2 p.m.

Senator LUNDY—I should say, Minister, that I do not know if I will get through them, but that was the program I had in mind and I will do my best. It depends on how much you interrupt.

Senator Kemp—I am very loath to interrupt. I am very slow to anger but, if I am provoked, you know I do have to respond.

CHAIR—I am sure Senator Lundy will bear that in mind, Minister. Apart from those three programs, the other officers can go and we will proceed.

Senator LUNDY—Until after lunch.

CHAIR—To return at 2 p.m.

Senator LUNDY—Are they required to report as per the previous reporting arrangements? I am talking about CSE, on an industry development commitment that is now the near single element of their former ID commitments, and that is the involvement of SMEs.

Mr Allnutt—For contracts over \$20 million?

Senator LUNDY—No, I am not talking about contracts over \$20 million; I am talking about the arrangement that CSE has—

Mr Allnutt—There is no requirement for agencies to report on their industry development activities other than where the contracts are over \$20 million.

Senator LUNDY—Is that in relation to the \$20 million policy or the specific and unique arrangement CSC has with DIMIA?

Mr Allnutt—Sorry?

Senator LUNDY—I am still asking about the CSC arrangement with DIMIA. They were permitted, under government policy, to renegotiate themselves out of their ID commitments, at the same time rejecting the \$20 million-and-above policy but, you advised me, chose to incorporate one element of their former industry development agreement, being the involvement of SMEs. That is what is currently in place. How will they be reporting on that? What role do you have?

Mr Allnutt—There is no formal reporting requirement in place for agencies to report on their industry development back to our department.

Senator LUNDY—Not ‘agencies’, DIMIA specifically.

Mr Allnutt—There is no formal requirement for them to report to a central agency on that but, as part of their own contract management, they would be managing those contracts. If I could clarify what I said earlier, I understand that the industry development arrangements they did have with that contract did include some out of scope activities.

Senator LUNDY—It did?

Mr Allnutt—Yes.

Senator LUNDY—What are they?

Mr Allnutt—I am not aware of what they are.

Senator LUNDY—Are they under any obligation to tell this department, this division?

Mr Allnutt—No. The responsibility for compliance with the Commonwealth procurement guidelines on the industry side falls within individual agencies. It is the individual agency heads who are responsible for compliance with government.

Senator LUNDY—Whatever DIMIA and CSC agree to, they only need to tell you if they want to? They can opt in, if you like. Or is that not supposed to be part of what they do?

Mr Allnutt—Under the devolved purchase arrangements, individual agencies are responsible for carrying out their own contractual arrangements and for enforcing those contracts.

Senator LUNDY—You do not have a role at all?

Mr Allnutt—No.

Senator LUNDY—If I want to know whether or not CSC is delivering on the industry development components of its residual IT contract, I would need to ask them?

Mr Allnutt—Yes, the department of immigration.

Senator LUNDY—While the minister is not here, I will take the opportunity to give a bit of political editorial. Does that mean that effectively you are out of the area of industry development government procurement now—you do not do that stuff any more?

Mr Allnutt—Not completely. The ID arrangements across the government have six elements. We are involved with some of those elements, so we do have involvement.

Senator LUNDY—I will come to that, but, just to clarify, with respect to CSC's ongoing contracts with the Commonwealth government, with DIMIA, you do not have any involvement?

Mr Allnutt—No.

Senator LUNDY—What do you think will be the impact of that fact if there is no organisation behind an industry development policy to enforce it or monitor it—gather information and so forth?

Mr Allnutt—Perhaps I can quickly say what the industry development policy is and then show how it is being monitored.

Senator LUNDY—Yes.

Mr Allnutt—There are the ID commitments under the five contracts, which are still continuing, so we are monitoring those.

Senator LUNDY—But that is finite.

Mr Allnutt—Yes. There are the Commonwealth procurement guidelines, which set out principles and rules for purchasing. They require agencies to take into account Australian and New Zealand industry, particularly SMEs, in purchasing goods and services. And the responsibility for compliance with those Commonwealth procurement guidelines rests with individual agency heads. There is the SME facilitation package, which our department runs. There are the voluntary industry development guidelines, under which the government sets out its expectations for MNC suppliers. Our department monitors that generally. There is the endorsed supplier arrangement, which is run by the Department of Finance and Administration but we administer the ID component of that. And then there are the minimum SME participation levels, which again are enforceable by individual agency heads.

Senator LUNDY—So the department of finance has a role for four out of six of those things—the procurement guidelines and so forth. What is your relationship with the department of finance? How closely do you work together?

Mr Allnutt—In relation to the Commonwealth procurement guidelines, they are the guidelines of the department of finance. We work with them in ensuring that particular policies are reflected in there—for example, the \$20 million policy.

Senator LUNDY—The what?

Mr Allnutt—The policy relating to contracts over \$20 million.

Senator LUNDY—That is voluntary, isn't it?

Mr Allnutt—No, that is a requirement of the Commonwealth procurement guidelines.

Senator LUNDY—And being an endorsed supplier?

Mr Allnutt—And being an endorsed supplier. We work with the department of finance on the ESA.

Senator LUNDY—So when it comes to the \$20 million voluntary scheme, how does that work and have you now got any companies that are part of that scheme?

Mr Allnutt—That is provided for in the Commonwealth procurement guidelines. They provide that, for contracts over \$20 million, agencies should reach certain targets set aside for SMEs. It operates through the Commonwealth procurement guidelines. We—the department—have written to all agencies and informed them of it.

Senator LUNDY—Cross your fingers.

Mr Allnutt—We will also be receiving information from them about their performance in relation to those contracts over \$20 million.

Senator LUNDY—Has anyone sent you any information?

Mr Allnutt—We are collecting information at the moment for the previous year. We will be putting that together.

Senator LUNDY—Have you received any to date?

Mr Allnutt—We are still putting the information together.

Senator LUNDY—Have you received any to date?

Mr Allnutt—We have received only some preliminary figures.

Senator LUNDY—From who?

Mr Allnutt—The Department of Veterans' Affairs and the Department of Defence.

Senator LUNDY—With the voluntary \$20 million for contracts over \$20 million under the current procurement guidelines—which is where this policy emanates from—a target has to be reached for SMEs. What specifically is the SME target under that program?

Mr Allnutt—For software and services, there is a target of 20 per cent SME involvement. For hardware, there is a target of 10 per cent SME involvement. You form a weighted average for the overall contract.

Senator LUNDY—Can you tell me something about the formula that you use—that weighted average that you referred to.

Mr Allnutt—Yes. If the contract is, say, for \$40 million and half of the contract is for software and services, 20 per cent of that \$20 million—which is \$4 million—would need to go to SMEs. The other half would be \$20 million—hardware. Ten per cent of that would go to SMEs—\$2 million. So for the contract overall there would need to be \$6 million worth of work go to SMEs.

Senator LUNDY—Why is it voluntary?

Mr Allnutt—It is not voluntary—in the sense that it is a requirement under the Commonwealth procurement guidelines.

Senator LUNDY—Is that requirement of the Commonwealth procurement guidelines the same policy that was promoted as the replacement for the industry development aspects of ICT contracts?

Mr Allnutt—Yes. That policy was released in June 2002.

Senator LUNDY—What did the procurement guidelines say before that?

Mr Allnutt—They did not have that particular policy, of course, because that was before June 2002. The procurement guidelines set out as a core principle value for money. Then they had four supporting principles. One of those principles was industry development. The specific words in the guidelines are:

Agencies are required to take into account and include the requirements that agencies ensure that Australian and New Zealand industry, particularly small and medium enterprises, have appropriate opportunity to compete for business.

Senator LUNDY—So that is the general requirement, and then the \$20 million and over was inserted in June last year?

Mr Allnutt—In June 2002.

Senator LUNDY—Sorry, in June 2002.

Mr Allnutt—Which supplemented those rules.

Senator LUNDY—Prior to that, what was the percentage under the general guidelines? Wasn't there an SME percentage?

Mr Allnut—There is an overall requirement under all purchasing of 10 per cent for SMEs. That is not just ICT.

Senator LUNDY—In the absence of this policy that would have applied anyway.

Mr Allnut—Yes.

Senator LUNDY—So really all that changed was software and services went up 10 per cent.

Mr Allnut—Yes, and also that for the particular contract for ICT, which had hardware, you have to have 10 per cent SMEs.

Senator LUNDY—You disaggregate hardware and software.

Mr Allnut—For each contract you have to have 10 per cent for SMEs, whereas the overall 10 per cent rule applies across agency purchasing, not on individual contracts.

Senator LUNDY—So getting back to how you police that policy, can you just confirm something for me. You said voluntary industry development program earlier. What did you mean by that?

Mr Allnut—That refers to the government's statement in June 2002. It issued voluntary industry development guidelines in association with the new policy. In those guidelines it set out expectations for the strategic industry development that it expected major ICT suppliers to become involved in.

Senator LUNDY—But it has no status? It is voluntary?

Mr Allnut—It is voluntary in the sense that there are no formal reporting and compliance requirements, but it is certainly a statement by the government of its expectations of the suppliers and that it would recognise their activities.

Senator LUNDY—How would it recognise activities? Does that mean it gives them a certificate saying 'We recognise your activities?' Do they get an invitation to lunch at the Lodge?

Mr Allnut—There are a range of activities. There was a system of formal activities under the previous scheme.

Senator LUNDY—That was for Partnerships for Development. That is not related to this.

Mr Allnut—No. The government from time to time acknowledges individual activities by particular firms. The minister issues media releases—

Senator LUNDY—Do you think a media release from the minister is enough incentive to get multinational firms to invest in local industry development? A bit of political goodwill?

Mr Allnut—The recognition is merely one part of the overall process. I think it is true to say that firms do welcome comments by ministers.

Senator LUNDY—Do you think it is valued?

Mr Allnutt—I believe so.

Senator LUNDY—Do you think it is valued enough to change their decision making?

Dr Hart—Certainly the local representatives of the multinationals find it useful, as Mr Allnutt has said.

Senator LUNDY—I am sure you would have seen the article in the *Australian* a couple of weeks ago about a particular hardware component supplier who provided memory chips and who was being directly affected by the removal of pressure from government and government policy on multinationals by virtue of the change of this policy. And they were losing work because of this change in policy. The word he was getting from the people he supplied to was that ‘We do not have to do it anymore, so we are not. We are going back to our old suppliers, our overseas suppliers, and there is nothing you can do about it.’ So that is the acknowledged impact of a change from a policy that had specific requirements and a reporting regime, and it obviously had a political commitment to a regime that is now essentially voluntary, and there is evidence that multinationals and large companies are turning their back on it.

Dr Hart—I think you would have seen as part of the response to that article that that particular view wasn’t one necessarily shared by all industry members. That was one view.

Senator LUNDY—It was the experience of the company.

Dr Hart—It was, but it was one which was not necessarily shared by all members of the AIIA, for example.

Senator LUNDY—The AIIA obviously were not speaking on behalf of this company. I know they certainly do not speak on behalf of all small businesses. In fact, a lot of the time they speak on behalf of the big businesses that have worked so hard to get out of any commitment to industry development. So why is it—and this is a question best directed to the minister—that the Howard government has now effectively let these large multinational companies operating in Australia off the hook when it comes to playing a role in working with SMEs and why has it removed the one piece of policy that specifically required and encouraged their engagement with SMEs—particularly, Minister, because there is evidence that it is not happening any more? Something has changed. This department does not even enforce this voluntary industry development guideline anyway. They certainly do not have a role in enforcing the endorsed supplier commitments, as we have heard. There is no reporting.

Ms H. Williams—All agencies, of course, report in their annual report. There is a lot of devolution to agency heads, who are accountable and responsible for staying within government guidelines.

Senator LUNDY—But that does not tell me why the division of ICT industry development does not have a role in perhaps collating that information and preparing it in these sometimes hard to find industry development reports.

Ms H. Williams—Once things get to a certain level, it is policy to devolve those to agencies—to say to agencies, ‘Now it is your responsibility. You carry us along and report on it.’

Senator Kemp—Chair, we have moved from asking questions to having a bit of a political rant from Senator Lundy. You will notice my extreme restraint in not responding in kind. Senator Lundy, you and I can have a political debate. I guess if we want to have one we will have one. But I point out that you have just had a political rant. Okay, you do not like the Howard government. Big deal. Everyone knows that. All we know is that under the Howard government the economy has expanded at a rate of knots, the ICT industry has expanded at a rate of knots and employment in the industry has expanded at a rate of knots. The facts belie what you are saying. But let us not have this debate. This is a political debate. We have officers at the table. They are highly paid officers. They are here to answer questions. I think we should proceed on that basis.

CHAIR—The other relevant consideration is time. We have other agencies to call before one o'clock.

Senator LUNDY—Minister, would you be concerned if you saw evidence of declining participation of local companies and SMEs in these contracts as a result of this policy change? It is not where you want to take it, is it?

Senator Kemp—This is what I can say to you: this is one of the high-growth economies of the world. This has been sustained under this government for a long period of time. I have looked closely at the overall employment statistics in ICT and I see a continued expansion of people employed in this sector. I see examples of overseas companies coming to Australia to base their operations here. I do not accept the basic premise on which your concerns have been raised. I am happy to get specific advice from the responsible minister, but it seems to me that all the raw statistics we have available argue against your position. It is in your political interest to pretend things are not going well. The trouble is that things are going well. According to you, all these awful things have happened in ICT; if that is so, the trouble is that you have to explain why employment is expanding in this sector. Why are companies coming to Australia to base their operations in this sector? Why is this one of the growth sectors of the Australian economy? What you are saying is nonsense.

Senator LUNDY—Do you support ICT jobs going offshore?

Senator Kemp—ICT jobs go offshore and ICT jobs come onshore. There are some very dramatic examples of ICT jobs coming onshore. If you are saying that the Labor Party policy is—

Senator LUNDY—I put to you that that is at least in part due to strong industry development policies that have been undermined over eight years under the coalition government.

Senator Kemp—In that case you are actually patting us on the back. You are actually saying that our government has—

Senator LUNDY—Do not give yourself any credit. It was only through political and industry pressure that you introduced the ID components of the original contracts anyway. If you do not know the history, do not make a comment.

Senator Kemp—We are a consultative government and we listen to the views of the wider community. That is why this government has been a successful government. We do not concern ourselves with the rather poorly based political point scoring that seems to be your excuse for policy. If you want me to read in the overall statistics in the sector, I will. They are quite dramatic. Someone has got a good briefing note there for me, and they can pass that to me.

Senator LUNDY—Minister, can I ask you if, particularly over recent times, this backing away from the industry development aspect is traditionally linked to the conditions that the Howard government has offered up to the US as part of the free trade agreement. Is that why we see no—

Senator Kemp—Let us not get on your obsessions so early in the day.

Senator LUNDY—It is a serious question, and we know it has got something to do with it, because under the free trade agreement you will not be permitted to specifically discriminate in favour of Australian companies or local companies, hence the emphasis on SMEs.

Senator Kemp—Except that there is one little flaw in your argument, as there often is. When were those changes that you are talking about made? In 2002. When was the free trade agreement negotiated?

Senator LUNDY—Minister, you know as well as I do that there was pressure on Australia to sign up to the WTO's government purchasing guidelines, which the free trade agreement reflect. It is still a US policy influence on Australian policy.

Senator Kemp—Are you reflecting Labor Party trade policy when you are speaking on this basis?

Senator LUNDY—No. Australia has not been a signatory to the WTO government purchasing guidelines—

Senator Kemp—I want to see whether you are arguing a coherent, logical position.

Senator LUNDY—for a good reason. That was, I understood, a generally bipartisan approach. It supported free trade but it allowed Australia to make policy in relation to local company involvement.

Senator Kemp—Can I just make this point.

Senator LUNDY—You are the first government to ditch that from the profile of federal Commonwealth procurement industry development.

Senator Kemp—Can I just say this: SME development measures are specifically excluded from the disciplines of the government procurement chapter.

Senator LUNDY—I am aware of that.

Senator Kemp—Good. It was not clear from the way you were talking.

Senator LUNDY—You were not listening to what I said. I made a distinction between local industry and SME.

Senator Kemp—The *Hansard* will show that you are not aware.

Senator LUNDY—If you are not aware of the distinction for the purposes of this debate then you are already out of your depth. There is a grave distinction and it means a lot to local companies.

Senator Kemp—The difference between you and me is that this is meant to be your area of expertise, and you show none. This is not meant to be my area of expertise. I do not have any responsibility. You have taken the senior officers over a vast area, which you have covered for the last three estimates. Nothing new has emerged. Exactly the same points have occurred. I do not think it is up to you to reflect on the competence of others. Yes, is not my area.

Senator LUNDY—Obviously.

Senator Kemp—I am therefore astonished that you can make such basic errors in relation to government procurement, an area in which you are meant to have expertise.

Senator LUNDY—Read the *Hansard*.

Senator Kemp—You cannot even tell me whether or not you are reflecting the Labor Party approach to trade policy, or whether you are going off on a frolic of your own—which is highly likely, given your track record, I have to say.

Senator LUNDY—The issue is: why has the Howard government now removed any remnant of Australian involvement in your federal Commonwealth ICT procurement policy? Why is there no longer reference to Australian value adding or components that require specific Australianness in those policies? There used to be and now there is not. While some of that will persist, I accept, as part of the existing industry development commitments in the remaining four contacts, there are no other plans to enforce any other type of industry development that relates to local industry involvement. That is the case; that is the situation we find ourselves in.

Senator Kemp—I might ask the officer, Dr Hart, whether she would like to make any points in response to this wide-ranging rant from you rather than a question.

Dr Hart—The PFD program was a program of its time. It was determined a couple of years ago that in a global environment it was not appropriate to actually apply the kinds of conditions contained in a program that had been conceived back in 1989.

Senator LUNDY—Thank you for that, Dr Hart. It was not just Partnerships for Development; the Australian value added components of the ID programs have just been scrapped or discontinued as of June 2002. Would Partnerships for Development or those Australian value added components be permitted under the proposed terms and conditions of the free trade agreement?

Dr Hart—I think we went through this at the last estimates too. The prohibition on offsets does not apply to SME development measures. That was something the government insisted on.

Senator LUNDY—But it does apply to Australianness.

Dr Hart—That is true.

Senator LUNDY—That is right and that is what I am talking about. I accept that it does not apply to SMEs—

Dr Hart—Which is the key component of industry development policies. So both countries preserve that core element of industry development policy for small business—that is, they preserve the right to reserve part of the market for SMEs.

Senator LUNDY—Given that shift, why isn't the commitment to SME involvement in these contracts going to be supervised or overseen and reported upon by your division? Why has it just been left out there as a general guideline under procurement policy but not as something that you organise around and report back to government and your minister on given that he has responsibility for ICT industry development?

Dr Hart—We do monitor it.

Senator LUNDY—You do not report on it. There is no parliamentary accountability.

Senator Kemp—I know that your argument is falling over. You have now made a host of political assertions. I am not sure it is entirely appropriate that we pursue this line of questioning with officers at the table. Dr Hart was making some useful points. Let us hear Dr Hart out.

Dr Hart—It goes back to what we have been saying about devolved responsibility under the FMA Act. It is a question for individual agencies. At the same time, we have not resiled from the monitoring role and we will shortly be reporting on outcomes for all contracts over \$20 million.

Senator LUNDY—You have heard from two, and the policy has been in place since 2002. Where is the report for last year? Where is the report for the year before that?

Dr Hart—We said we would report in the first half of this financial year, and that is what we hope to do.

Senator LUNDY—You have heard from two agencies and departments.

Dr Hart—Because they are the only two agencies that have actually signed contracts over \$20 million. That is what we understand at the moment. As I said before, we are collecting information.

Senator LUNDY—So over two years there has just been a complete void of accountability on ID?

Dr Hart—One of the factors that went into considering the new policy was that, post outsourcing, contracts were likely to be broken up into smaller components. That seems to be the experience; so as far as we are aware, there are only two that are of that size.

Senator LUNDY—Thank you.

Dr Hart—It is also a question of time. As Mr Allnutt said before, some of them have still not concluded.

Senator LUNDY—Will you be publishing a report with that information?

Dr Hart—Yes.

Senator LUNDY—Okay, I will look forward to seeing it. Thank you. That is all.

CHAIR—That is the end of this program. I thank the officers for appearing.

[11.56 a.m.]

Australia Council

CHAIR—We welcome Ms Bott and her colleagues to the table.

Senator Kemp—I will just make a brief statement.

Senator LUNDY—I will get a cup of tea.

Senator Kemp—You get a cup of tea, Senator, because the facts always worry you. The government has given very strong support to the arts sector over its term of government. The figures I have here that have been supplied to me through the department are that in 1994 the Australia Council received some \$64 million. The advice I have received is that this year the Australia Council received close to \$136 million. There has been a substantial rise in support for the arts. When we return to the cultural institutions I will put the figures down for the cultural institutions. This funding has been boosted by such important initiatives as the Nugent report and the Myer report. I will not go through the many errors and assumptions that Senator Lundy often makes when she discusses the arts but it is worth pointing out that these were two very important initiatives.

Senator Lundy, for example, said in a recent press release that the government had taken no steps to address artists living in poverty. I am not sure where Senator Lundy was when last year I announced the \$40 million increase in funding for the contemporary visual arts and crafts sector in response to the Myer report. The Commonwealth government supplied half of those funds. Senator Lundy is perfectly entitled to raise issues, and we welcome the chance to respond and to debate, but it is important that Senator Lundy does not attempt to diminish the effort which has been made to support the arts during the term of this government, particularly, as I cited earlier, with the Nugent report and the Myer report. The institutions, individuals and companies involved in those sectors were enormously supportive of those government initiatives.

CHAIR—Thank you, Senator Kemp. It is good to have that on the record.

Senator LUNDY—Turning to page 21 of the Australia Council's annual report for 2002-03, there is a wonderful graphic which shows a break-up of outcomes 1 and 2 as part of the aims and objectives of the Australia Council. I am trying to understand—I am sure you can appreciate this—the way the funding the government provides you relates to that structure. Given that the portfolio budget statement is broken down into various outcomes and outputs, do they correlate with the outcomes and outputs; if so, can you give me the next step breakdown of the funding allocation in the Australia Council?

Ms Bott—I will begin the answer and then I will pass over to my colleague Megan Coombs. The annual report that you are referring to is the outcomes and outputs structure that has been embraced by the council over the last four to five years. We changed the way we report and that is what is reflected in the new PBS statements. So there is a change, and that

was because our council felt that the breakdown did not adequately reflect, in particular, the amount of financial resources and programs that are devoted to engagement with the Australian population. So, firstly, there is a new structure and, secondly, yes, we do have a breakdown of the next level of detail. Would you like us to enunciate that?

Senator LUNDY—That would be helpful, yes.

Ms Coombs—I refer you to pages 111 and 117 of our PBS. Unfortunately, it is split over two pages and not provided in exactly the same format as the annual report. On page 111, you will see the map, and again the focus is a little bit different. You will see outcome 1 and it will give you the total price of the outputs there and then the split between output 1.1 and output 1.2. As Ms Bott has just outlined, it is not exactly the same as what was in the annual report. If you go to page 117 of the PBS, you will see the same map for outcome 2.

Senator LUNDY—In the annual report you then have ‘Corporate Plan: goal 1’ and obviously programs operating within those outputs. Are you able to give me that further breakdown into those program and corporate plans within each of the outputs?

Ms Bott—When our annual report is tabled in the parliament this year for 2003-04 it will have that kind of a breakdown which shows how the corporate plan goals and the dollars associated with them were expended in accordance with the PBS statement.

Senator LUNDY—Surely you would have had budgeted or notional amounts or estimates for your current financial year budget that you could give me?

Ms Bott—No, not according to the corporate plan, we would not have budgeted in that way. Obviously we have work plans that are an extension of the corporate plan.

Senator LUNDY—Is the best way for me to get an idea of how the funding within each output is broken up by going back to the old system and actually getting you to provide me with the figures for the 2002-03 year?

Ms Bott—This is the breakdown for 2002-03, and you are asking, if I could just clarify, about the 2003-04 breakdown?

Senator LUNDY—I am presuming, but please tell me, that the 2003-04 financial year reflects this model.

Ms Bott—Yes, correct.

Senator LUNDY—Then yes.

Ms Bott—We can do that, which would be what we would be normally doing for the annual reporting process. Yes, we can do that for you.

Senator LUNDY—Can you do it now?

Ms Bott—No, I cannot do it now. I could take it on notice if you would like me to.

Senator LUNDY—Can you tell me which particular programs and initiatives fall within each of the outputs as they are currently structured, as opposed to the new structure?

Ms Bott—I am not sure I understand the question. The Australia Council’s programs are probably best explained in our handbook, which you no doubt have seen. What we do is to go

back and look at under what outcome and output they are best categorised. That is what we do in the annual reporting process. Obviously the outcomes and outputs is a very broad umbrella. The much more specific programs, projects and initiatives are all outlined here, which have dollars associated with them, which form our working budget.

Senator LUNDY—What I am trying to get an idea of is which output all those programs notionally fit under for the purposes of your financial reporting.

Ms Bott—I could give you that breakdown but I cannot do it on the spot now. That is a process that we go through in our annual reporting cycle. One of the reasons for that is that it is then based on actual expenditure. Our individual grant categories are more specific than the outcome and output structure is. So to a certain extent you have to then look back at exactly how money was expended on new works, engagement with the community or whatever and then report against that. So it is achievement reporting as opposed to—

Senator LUNDY—So you do not plan in advance—

Ms Bott—We do plan in advance.

Senator LUNDY—I appreciate that, but in terms of the outputs and the structure required for your financial planning you do that effectively in retrospect?

Ms Bott—A back of an envelope response to your question is that it would be broadly similar to 2002-03 because it is the same structure—we have not radically changed our programs et cetera. If I were to go back and do it on notice for you, my guess would be that the difference would be five per cent or 10 per cent marginal range. The big change is in the way we have anticipated reporting for this forthcoming year. So there would be nothing radically different from the breakdown you are looking at for 2002-03.

Senator LUNDY—So in the 2002-03 annual report can you point me to where I can line up the range of programs against the various outputs as expressed on page 21. Do you understand what I am trying to achieve?

Ms Bott—Yes. It actually is not in here, as I mentioned.

Senator LUNDY—That is why I asked the question, because I did not think it was. I am sure you can understand why I would want to try and correlate those specific programs with the financial reporting structure.

Ms Bott—But we can certainly do that in that way.

Senator LUNDY—I take it that you cannot do it now?

Ms Bott—No. I will try to explain why it is. It is a reasonably complex process. For example, half of the budget of the Australia Council goes to the major performing arts board. For the purposes of outcomes and outputs analysis, a particular grant to a particular company that is clearly captured in our annual report requires being broken down into which bits of that grant are nurturing new works as opposed to infrastructure as opposed to engagement with the community. So it is really a back analysis of grants programs. For example, we have nine boards—as I know you know. Each of those art form boards has different categories of grants, and different categories belong under different outputs. So it is not a particularly user-friendly

analysis is what I am saying. Under a particular output there would be a range: we might be listing 23 different grant categories that actually are in support of that output.

Senator LUNDY—So given that each of these outputs has a total price associated with them—I presume they look similar albeit the different structure under the previous portfolio budget statements—how does that retrospective analysis of how those outputs are achieved through your programs reconcile with the budgeted dollar figures?

Ms Bott—The whole idea is that the PBS breakdown should then be referenced to the annual report. So when we are reporting at the end of 2004-05, obviously you will be able to line up what the actual results have been as compared to the PBS. We have made this change so that it can be a much more realistic look at what the actual breakdown was between those two major outcome commitments of the Australia Council. It is just a little bit tricky this year because of the changeover. The idea is that those two documents are directly relational.

Senator LUNDY—But, as you say, I could ask the same series of questions using last year's PBS and still not be able to get that correspondence.

Ms Bott—No.

Senator LUNDY—It is not the presence of the new PBS that is going to lead to it.

Ms Bott—But you will in the next year's, because we will be reporting that way.

Senator LUNDY—Because it is not reported in that way in this annual report, are you saying that you will change the structure of your annual report for the current financial year to make that correlation?

Ms Bott—Yes, we will be reporting in a way that allows that comparison to be made.

Senator LUNDY—That would be helpful. While we are there, can you just step me through the rationale for the change in structure and what you are hoping to achieve—or perhaps what the government is hoping to achieve—in changing the outcome and output structures.

Ms Bott—As you know, the Australia Council is charged in its act with nine different specific functions. We felt, as we pursued our corporate planning exercise and our development of business plans et cetera, that the outcomes and outputs structure was not defining as accurately as it might exactly where our resources were going. So it is a revision that we have done. It is really not reflecting a change of program; it is reflecting a change in reporting format. In particular we felt that the amount of investment that the Australia Council makes in community engagement, the appreciation and participation of the Australian population—which exists and is real—was not being adequately reflected in our report.

Senator LUNDY—To outline the main change in the wording of outcome 2, the new outcome 2 is: 'Australian citizens and civic institutions appreciate, understand, participate in, enjoy and celebrate the arts'. It has changed to: 'That the Australian people's appreciation, participation in, enjoyment and celebration of the arts with and through our civic institutions is enhanced'. Does that mean anything different? I am comparing outcome 2 from the 2002-03 annual report to the new wording of outcome 2 in the portfolio budget statement.

Ms Bott—The difference is in the outputs, not the outcome.

Senator LUNDY—I appreciate that. I am just trying to ascertain whether that is just a sharpening up of the grammar or a change in the policy intent.

Ms Bott—No, there is no change in the policy at all. What actually changed were the outputs under outcome 2—which is, I think, understandable, regardless of what version of the words you use. In the old structure there was one output, which was 2.1, ‘Policy, promotional and cultural relations services’, whereas now we are describing that under three outputs. Output 2.3 is the same as the single one that was previously there. Outputs 2.1 and 2.2 are about our investment in the infrastructure of the arts and engagement and participation by the Australian population in the arts. In other words, we have sought to describe in greater detail the three umbrellas under which our programs fall that deliver that outcome. Again, it actually does not reflect a change in programs by the Australia Council. It is really a change in reporting structures.

Senator LUNDY—I will look forward to the new reporting structure. Just for the sake of clarification, will the question on notice about lining up your programs against the outputs for the current financial year be under the old structure or the new structure?

Ms Bott—The old structure.

Senator LUNDY—You have to be under the old.

Ms Bott—That is the thing: you have to line it up in that way.

Senator LUNDY—I have been making a general point about questions on notice. I cannot actually recall whether any of the Australia Council’s answers to questions on notice were late, but we have had a great deal of difficulty in getting answers to questions on notice in a timely manner. I know that that is not necessarily the agency’s fault—it ends up in the minister’s office—but if you could respond to this in as timely a way as possible that would be helpful.

Ms Bott—I can only report that we certainly completed the questions on notice from the last round. We would be happy to do so again this time.

Senator LUNDY—Thank you. The Australia Council’s base funding did not increase this year. What is the explanation for that? Did the Australia Council seek an increase in base funding?

Ms Bott—In the 2004-05 budget the Australia Council’s triennial budget was renewed—\$398 million over three years—and we received a commitment for an additional \$10 million over five years. Obviously, that is separate from other government initiatives in the arts which were also announced.

Senator LUNDY—The question I asked related to your base level of funding—the funding that you have discretion over in terms of the programs you invest in. Did that increase at all?

Ms Bott—I would interpret the additional moneys as being additional moneys to the budget of the Australia Council.

Senator LUNDY—But you do not get to decide—

Dr Brown-Watt—The major performing arts boards' funds have two components. One is for base grants to the companies and the other is for an industry adjustment package of initiatives. That was a four-year program, and the current year is the last year of that program. Therefore, the several million dollars that sat in that group of initiatives is not there, so the increase is offset by that. But that was a defined program for particular outputs, which are being achieved.

Senator LUNDY—How much did the industry adjustment program deliver in the last financial year?

Dr Brown-Watt—Approximately \$2 million.

Senator LUNDY—That is discontinued?

Dr Brown-Watt—Yes. It was always going to be. It was a four-year program, and we have worked through those initiatives to great success.

Senator LUNDY—Did the Australia Council seek an increase in the base funding?

Ms Bott—Yes.

Senator LUNDY—Of how much?

Senator Kemp—I am not going to direct the Australia Council—far be it from me, Jennifer Bott, to direct the Australia Council on these issues—but this is advice which is provided to government in a budgetary process. It would be no secret that agencies regularly would like greater amounts of money. I am not really sure whether the advice that the Australia Council might give the government on a budgetary item is a matter which we would share with the Senate estimates committee.

Senator LUNDY—There is no reason that it is not. The Australia Council is run by a board; it is not public servants providing you with advice.

Senator Kemp—I am just making that observation. I am not trying to in any way direct Jennifer Bott, but these are matters—

Senator LUNDY—I think you are trying to suggest that the witness should not answer the questions, Senator Kemp. I think that that is highly inappropriate.

Senator Kemp—You did not listen to what I was saying. I specifically said, Senator Lundy, that I was not directing the witness. I was making an observation, to put these things into context, that in my memory most agencies would always like more money. That is no surprise. But the details of their requests are not really matters which are canvassed at Senate estimates. What is canvassed at Senate estimates is what the government did do. I think that is correct, Mr Chairman, isn't it?

CHAIR—Yes.

Senator LUNDY—My question still stands: what did the Australia Council seek in terms of additional base funding?

Ms Bott—The Australia Council is engaged in a constant process of discussion, policy development and advice to government. Often that results in government initiatives or other things—sometimes short term; sometimes long term. We have a range of discussions over time with the minister and other ministers about funding for the arts. I would like to leave it at that.

Senator LUNDY—You are not prepared to say whether a specific amount was requested?

CHAIR—The estimates are on the budget and the annual reports; they are not on speculative or other matters or discussions that might have gone on before the budget was delivered. We have to confine ourselves to those issues.

Senator LUNDY—Can you provide an explanation as to why the additional \$10 million that the Australia Council received was provided for a five-year program, particularly when the base funding for the Australia Council is only for the triennium?

Ms Bott—I am not aware of the reasons for that.

Senator LUNDY—Minister?

Senator Kemp—We thought five years would provide some certainty to this program. Certainly, the Australia Council did not complain that it was given for five years. Is that right?

Ms Bott—No, they did not.

Senator Kemp—It was regarded as a good news thing rather than a bad news thing. But that is a decision that governments make. We are here to govern and we make decisions. We looked at this particular program and we thought that it made sense to make it five years. That five-year commitment is one that would be welcomed, not criticised.

Senator LUNDY—Does that mean that the particular projects funded by that \$10 million are more worthy of certainty than the Australia Council?

Senator Kemp—No, it is just one of those things. Triennial funding is something which provides certainty. We were able to go a little bit further this time. That is not a criticism. In fact, the Australia Council welcomes the triennial funding arrangements. The government has nothing to apologise for. If we can go a little bit further with some initiatives, then that is a good thing.

Senator LUNDY—Does the Australia Council get indexation in its funding, Minister?

Ms Bott—We receive partial indexation.

Senator LUNDY—What percentage, and what was the dollar figure for the indexation you received this year?

Ms Bott—We received 1.2 per cent. I do not have the figure with me.

Senator Kemp—We will provide the figure to you, Senator.

Senator LUNDY—Obviously, you received that as part of your funding for the next triennial round?

Ms Bott—Yes.

Senator LUNDY—What would be the shortfall as compared with full indexation?

Ms Bott—I would have to check the exact figure. My understanding is that the total shortfall on our total budget is around \$1.4 million.

Senator LUNDY—For full indexation?

Ms Bott—No, the shortfall between what we received to what would be full indexation is \$1.4 million approximately per annum.

Senator LUNDY—Based on about a three per cent inflation rate?

Ms Bott—Yes.

Senator LUNDY—Has the Australia Council been directed where to spend the additional \$10 million?

Ms Bott—The budget announcement from government said:

The additional \$10 million will be used to support arts organisations—
small to medium ones—

assist in the expansion of international markets for Australian artists and for the production of high quality music recordings through support to the Melba Foundation.

Senator LUNDY—How will that funding be distributed to those arts organisations? Will it go to a particular Australia Council board or will it be dealt with differently? How will it be managed?

Ms Bott—The Australia Council is in the process at the moment of developing its detailed budget for 2004-05. Of the extra \$2 million a year which government has provided, \$1 million of that is to go to small to medium organisations and international market development. We will be seeking to direct it in that way. To answer your question, it certainly will not go to one particular board. Each year we make our decisions. We have discretion over half of the non-major performing arts board side of the budget. We will be making a range of decisions in order to deal with a whole range of strategic issues in the arts, particularly issues around small to medium organisations. But also there are, of course, in each year always other things which need to be addressed. Of the rest of the \$2 million, \$1 million per year is to go to Melba Recordings, and that will be done as a government initiative, so it will not go to a board of the Australia Council.

Senator LUNDY—Can you break up the components of that \$10 million for me?

Ms Bott—The \$10 million is \$2 million a year over five years, \$1 million of which is a government initiative to support Melba Recordings. The other million is for small to medium arts organisations and international market development.

Senator LUNDY—So the \$1 million to SMEs and supporting international will be effectively distributed by the Australia Council board in a way that you believe will achieve those outcomes.

Ms Bott—Yes. Our forthcoming council meeting in June will be looking at a range of decisions about our budget, which is about that million but also about reorganisation of the

rest of our appropriation, just as we would make decisions every year. We will try to maximise the amount of money we can spend on the small to medium sector.

Senator LUNDY—Will the other \$1 million be paid to the Melba Foundation through the Australia Council board?

Ms Bott—At this point we are still to work out a memorandum of understanding with the department, but I would expect that we would be administering that as a government initiative and that we would take responsibility for ensuring that there is an appropriate business plan and appropriate accountabilities are taken into account.

Senator LUNDY—Is this an unusual circumstance?

Ms Bott—There are various government initiatives, of course. Decisions are made year in and year out, like Books Alive, Noise and whatever. I would put this in the category of a specific decision by government to invest in a particular area of arts activity.

Senator LUNDY—So there have been examples of the government investing in specific areas of arts activity, and you are then required to administer the money on their behalf.

Ms Bott—Of course, yes. Sometimes they have been independently developed by government. Other times they have been in consultation with the Australia Council and strategic priorities of ours, too. It would depend on the initiative.

Senator LUNDY—Was this particular proposal developed in consultation with the Australia Council?

Ms Bott—No.

Senator LUNDY—Did you have any knowledge of it prior to the budget?

Ms Bott—As far as I am aware, we were not asked for formal advice on it, but we have had some dealings with Melba Recordings. They received a grant previously by the music board.

Senator LUNDY—How much was that grant?

Ms Bott—I believe it was \$5,000. The Melba Foundation has never applied to the Australia Council for funding. Melba Recordings applied for and received a project grant of just over \$5,000 in 2002-03 for a commission for Richard Mills to compose a song cycle on Australian love poetry.

Senator LUNDY—Given that the music board of the Australia Council only receives \$3.5 million in funding and this additional funding of \$5 million is to one recording company, or indeed the foundation, are you able to justify that proportion?

Senator Kemp—Senator, as I pointed out, this is a government initiative, and it is one that we were very happy to make. There will be people who will have differing views, but perhaps I can share with you some differing views that have come to me about this government initiative.

Senator LUNDY—I was going to ask you what the particular merits of this recording company are.

Senator Kemp—I will quote a number of people. For example, Barry Jones—who would be known to you—has written to the Melba Foundation and said:

I strongly support the Budget allocation of \$5m to Melba Foundation to produce ... recordings in the classical repertoire by Australian musicians over a period of 5 years.

Senator LUNDY—Is it just opera recordings, Minister?

Senator Kemp—Dame Joan Sutherland has written to me and said:

Thank you for your wonderful support of the Melba Foundation. The allocation of funding over five years has shown this government's level of confidence in Australia's musical talent. It has fulfilled our hopes for a previously unattainable level of international presence and a lasting legacy.

Senator LUNDY—I imagine it has.

Senator Kemp—Let me quote another person, Nathan Waks, who is a former chair of the music board of the Australia Council. He wrote to me:

Dear Rod,

Please accept my congratulations and thanks for the support given to Australian musicians through the recently announced \$5 million grant to the Melba Foundation.

As a former Chair of the Music Board of the Australia Council, I know of the many competing demands for Commonwealth assistance from worthy musical projects, and additional funds such as these are most welcome indeed.

The project itself is one of national importance, ensuring that some of our finest—

Senator LUNDY—I wouldn't imagine you would read out anything other than positive statements, Minister. Could you table all of them, please?

Senator Kemp—I am saying that there will be a variety of views, as there always is in the arts. If you give to a particular program in one area, there will be others who will say that we should have had a different priority. We accept that; people of good faith will differ.

Senator LUNDY—I have not challenged the merits of this. Why are you so defensive? Can you table all the documents?

Senator Kemp—I am not defensive. You asked me why the government funded this and I thought I would add to the argument by quoting some very prominent Australians who are very supportive.

Senator LUNDY—I don't know why you are being so defensive about it. I am not criticising the actual initiative—

Senator Kemp—I am not defensive. I think it is a good project and I am delighted to receive—

Senator LUNDY—What I am questioning is the methodology of funding.

Senator Kemp—Hold on, Senator, a little bit of courtesy is needed. Sometimes it does help that if you make a point then others are entitled to respond. I have quoted to you a range of views, from across party lines too, I am pleased to say. In fact, I am not sure of the views of a number of those people, but the people who are supportive of this project are regarded as

very significant and substantial in the music area. There may be others who have a different view, and I accept that. But this is an important project and one which does receive strong support.

Senator LUNDY—Did Melba Recordings or the Melba Foundation approach the Australia Council for funding of this magnitude in the lead-up to this budget?

Ms Bott—Not that I am aware of.

Senator LUNDY—Did you ever receive an application for this level of funding for this project?

Ms Bott—Not that I am aware of.

Senator LUNDY—Could you take that on notice?

Ms Bott—Yes.

Senator LUNDY—Minister, why didn't the government consult the Australia Council on the decision to fund this particular project?

Senator Kemp—We are actually a government that is here to govern. We make decisions and take advice from a variety of areas. We take very valuable advice from the Australia Council on a range of issues, we take advice from the department and we take advice from the wider community. This is a government that does not narrow its sources of advice; this is a government that is a consultative government. This is no reflection on the Australia Council, but the government can determine its priorities and does in the arts area, as we mentioned earlier on, from time to time take some very important initiatives. For that we make no apology, because we see that as actually part of our job.

Senator LUNDY—Minister, given you did not seek the opinion of the Australia Council, did you seek any other expert opinion or input into the decision to fund the Melba Foundation?

Senator Kemp—We have spoken to a variety of people. I think probably the best answer to that question is to look at the response from expert people to the government initiative. I have quoted Nathan Waks, Barry Jones and Dame Joan. These are people of some substance.

Senator LUNDY—Do you personally think it is meritorious and did you argue—?

Senator Kemp—Yes, I think it is a very good initiative and history, I hope, will prove that to be correct. I am a little bit surprised that you are critical of an additional allocation to the arts and to music. There will be people, it is true, would have preferred this money be allocated but not allocated in the way the government has decided to do it. But there are others, as I have mentioned—people of substance in this area with expert views—who think this is a very good initiative. I do not know whether you have any views on it. Are you in favour of this or are you opposed to this?

Senator LUNDY—I am trying to determine whether your decision was based on the merit of the proposal or the substantial political influence that you have made an absolute point of laying on the table here at estimates today.

Senator Kemp—Again, Nathan Waks, a former Chair of the Music Board, writes to me—

Senator LUNDY—Did Peter Costello write to you, Minister? Did the Treasurer write to you about this?

Senator Kemp—I do not propose to discuss any correspondence I have with the Treasurer. The Treasurer and I exchange letters—

Senator LUNDY—Do you have an email from the Treasurer in front of you that you could read out to the committee?

Senator Kemp—on a reasonably regular basis, and I do not propose to discuss that. I draw to your attention the comments by Nathan Waks. He says:

The project ... is one of national importance.

He then says:

Ambitious projects such as this would not normally be able to be funded from within the Council's music budget, so an additional direct grant is the only feasible way to assure the success which the Melba Foundation's recording project deserves.

I am not sure why we are debating this. You may have a view that you do not agree with this. Others may have a view. All I am saying is that there will be a diversity of views in the music sector. But there will be a significant and important group of people who strongly support this initiative. The artists who benefit in the coming years will be very strongly supportive. Frankly, I would very much like to feel that you were supportive of it. Frankly, if by some mischance of the electoral system you become the minister for the arts, you will be taking initiatives too. You will see that as part of your job and part of the government's job. We consult with the Australia Council, we work closely with the Australia Council—I think they would say that I work very closely with them.

Senator LUNDY—How did you first hear about the project?

Senator Kemp—The Melba Foundation has come to see me and discussed this project with me. That is how I got to hear about it. How else would you think I could get to hear about it? Do you think I should read it on the front page of the *Herald Sun*, do you?

Senator LUNDY—I was just wondering whether it was a direct or indirect approach? I know you do not have to answer that. It is up to you.

Senator Kemp—I have met with the major principal, Maria Vandamme, on a number of occasions.

Senator LUNDY—And you thought it was a fabulous idea?

Senator Kemp—I think it is a good idea and an important initiative. I would very much hope that you could show a degree of bipartisanship on this. I really would hope that, Senator. You have obviously looked at this closely, because you have a series of questions on this. I hope that the comments I have given you from eminent people will give you some assurance that this has far wider support than just the minister for the arts.

Senator LUNDY—One of the strengths of the Australia Council of course is that it has a high degree of autonomy. Why has the government chosen to channel this money through the Australia Council to the Melba Foundation? Why didn't you just give a direct grant to the Melba Foundation as is within the purview of the management of your portfolio?

Senator Kemp—Why did we say that the department should manage the Books Alive project? Why did we give Books Alive to the Australia Council? The government always has this option. It was thought that, as the key cultural advisory body for the government, the Australia Council would be well suited to administer this. I do not think it is a reflection on the Australia Council at all; it is a vote of confidence in the Australia Council.

Senator LUNDY—I take it from that that they will be managing the distribution of the funds to the Melba Foundation.

Senator Kemp—The Australia Council will work with the Melba Foundation. They will be looking at a business plan, as they do with other organisations they work with such as the Australian Opera and the Australian Ballet. They will look at the business plan and other associated elements and then ensure that the grant can be processed. This is not a new thing. If you are saying to me that the government should not take initiatives in the arts, I would have to say that if you ever become the arts minister I do not think you will be very effective. If you were to say, 'Hey, I can't take any initiative. The only initiative I can take is to be ticked off by this organisation or that organisation,' then you would be a very ordinary arts minister.

Senator LUNDY—Books Alive is probably a good example of a project that the Australia Council has been asked to pursue. I would like to ask the Australia Council whether any of that money was directed to be given to specific organisations or to organisations nominated by the government or whether it was to achieve the objective of the Books Alive initiative?

Ms Bott—In the case of Books Alive, we were not directed to give the money to any particular recipients—although there are always directions around government initiatives, as you expect there to be; governments are deciding to do these things for certain outcomes. In the case of Books Alive, we were directed, if my memory serves me correctly, to develop a certain kind of steering committee that would actually ensure that the key stakeholders were on board. In the case of the Visual Arts and Craft Strategy, there was certainly agreement that funding would be invested in a wide range of organisations that were specified. That was a process that was negotiated between the minister, the department, the Australia Council and state governments.

Senator LUNDY—I guess the difference there is that you were involved in that negotiation and that decision-making process. Is this the first time that you have not been involved in that process and yet the government has directed Australia Council funding per se to go to a specific organisation?

Ms Bott—The major performing arts inquiry was done off-line from the Australia Council in that the chair and staff were not serving in positions on the council at the time that those decisions were made. So that was a case also where there were specific decisions made by investment in particular companies. Other than that, I cannot recall any others. I can take that on notice.

Senator LUNDY—So the major performing arts review is the only other example of where organisations have been specifically nominated?

Ms Bott—As I said, they were certainly nominated in the case of Myer, and there could well be others. I would need to specifically take that on notice.

Senator LUNDY—Minister, I guess the point is that, even with the major performing arts review, there was an expectation that that whole process was going to identify organisations that would become recipients of the funding. I put it to you that the Melba Foundation represents a change of policy—a new approach to funding the Australia Council where the Howard government has decided to in some way usurp some of the autonomy of the Australia Council, not by virtue of taking the initiative but by not engaging with the Australia Council in discussions about the initiative prior to directing them to manage the funding on your behalf. Does this represent a change in approach by the Howard government as to how you fund the Australia Council?

Senator Kemp—It does not change the approach. I was wondering how you were going to attempt to respond to the major performing arts inquiry, which, as was advised to you, set out funding for particular companies. You tried to make a distinction with that. That distinction was not sustained.

Senator LUNDY—I put to you—

Senator Kemp—I will finish. You have had your turn; I am going to finish mine. The truth is that your attempt to distinguish that was not well argued, in my view, and there was a prime example of where money is directed to particular companies. You may have mentioned that in the Myer report there were mentions of particular organisations. The Myer report was not part of the Australia Council, although the Australia Council has administered moneys associated with the Myer report. Equally, this is another government initiative with the Melba Foundation. This is not a change in government policy. There are other areas where we fund the arts and where the Australia Council is not involved.

Senator LUNDY—I am just waiting for you to finish so I can ask my question.

Senator Kemp—I know you are waiting for me to finish. That is why I would like you to wait instead of butting in. Playing Australia is not administered by the Australia Council; Playing Australia is administered by the department. We work with the Australia Council and welcome their views, but that is not something that the Australia Council is directly involved in. That is an important area of arts funding. Equally, the other touring programs are administered through the department, not by the Australia Council.

Senator LUNDY—Are you suggesting that we should view the methodology surrounding the funding to the Melba Foundation as analogous to that of the major performing arts—or, indeed, recommendations from the Myer review. If so, that is your prerogative. Is that what you are asking?

Senator Kemp—You asked whether there were any other examples of the Australia Council being directed to provide funding. The answer was: yes. That is what the answer was. Then we went from the Nugent inquiry on to the Myer report. And the answer there was: yes.

Senator LUNDY—So they are analogous to both of those reports and the resulting recommendations.

Senator Kemp—The question was whether the Australia Council has been directed to provide funding to particular companies. That was the question.

Senator LUNDY—I appreciate that.

Senator Kemp—Let me finish. That was your question.

Senator LUNDY—You are technically correct.

Senator Kemp—You led with your chin, and the answer was: yes. Now you are trying to construct another scenario that somehow this is a major new way of funding arts organisations. This is not a change. We are happy to provide additional money for the arts. If you are opposed to the provision of additional money for the arts, that is a very strange position for a shadow minister for the arts to take. You may have a different priority. You may say that you do not think that this is a significant priority. You are entitled to that view. All I am saying to you is that other people who are expert in the area think it is an important initiative. No-one has been cut to provide this money. This is additional money. I am shocked that you are not actually getting behind it. It is not a partisan thing, as I mentioned. There are Labor Party people that are associated with this organisation. It is not a party political thing. It is an attempt to see what we can do to further promote our artists.

Senator LUNDY—You are the only person who has suggested that there is something party political or not to do with it. You are the one placing the emphasis on that. I am asking you about the funding process, not the merits of the initiative.

Senator Kemp—The fact that you seem to be attacking it does lead me to think that you are critical of it. Do you support this additional money or don't you?

Senator LUNDY—Can I ask this question?

Senator Kemp—I notice you have avoided the question, as you always do. You avoid any substantial question.

Senator LUNDY—Can I ask you: if this funding methodology is analogous to both the Myer review and the Nugent review, where is the associated national inquiry into the music sector in the arts that preceded this decision? It is not there. You have made this out of the blue. I want to know why.

Senator Kemp—That is a different view. You want to know why?

Senator LUNDY—Does it represent a policy shift in directing the Australia Council how to spend money?

Senator Kemp—According to Senator Lundy, it is okay to direct the Australia Council if there is an inquiry. Is that right? That is the Senator Lundy position. The Senator Lundy position, as the shadow arts minister, is that the Australian government, which is responsible for overall funding, should in no way launch new initiatives which can be administered by the Australia Council. I would be intrigued, if you ever became Minister for the Arts, to see whether you were able to sustain that, to be quite frank. The fact of the matter is that this is

additional money for the arts. It is being administered by the Australia Council. No-one has been cut. In fact, there is additional money over and above that, which Jennifer Bott has indicated to you. You do not agree with it. All right; people will make that judgment. I agree with it. I strongly support it.

Senator LUNDY—You have spent a lot of time trying to cast my position this morning. I have not reflected on the merits of the initiative. I am reflecting on the funding methodology. If you choose to interpret what I am saying differently with your continuous contribution to this committee in the way that you have then that means you have something to hide. I am happy to move on but do not try to verbal me on my views on this issue. I am simply seeking to hold the government accountable for the way it is expending taxpayers' money.

Senator Kemp—The logic of your arguments continue to fall over. The reason I am making a comment is because you have asked me a question. It is very difficult for me to respond if you are critical of me, in the end, making an intervention and stating what I see to be the case. You indicate that you are not opposed to money going to the Melba Foundation, I understand now, but your position is that it should not have been done in this way. All I am saying is that, if that is your position and you ever become the minister for the arts, there will presumably be no initiative that you will be able to take without consultation with the Australia Council. If that is your position, good luck to you, but it is not the position of this government. This government takes a wide range of advice. This government welcomes the advice of the Australia Council, as we do from the department. We consult widely with the wider community. That is something we will continue to do.

Senator LUNDY—Your fascination with what I think or what I intend to do continues to intrigue me. I would think you would rather be focused on your job.

Senator Kemp—I do not think you should be let off the hook on this. If there are some press people here, you should not be allowed off the hook. If you are opposing this money being paid that is a substantial decision on your part. People will judge you accordingly, as they will judge me. If, on the other hand, you say you support the Melba Foundation but you do not support the process, all I can say to you is that as minister for the arts you will find yourself being severely hamstrung in the initiatives that you are prepared to take.

Senator LUNDY—You make it very difficult for anyone to take you seriously, Minister. I think I have made my point.

Senator Kemp—People will judge; they will judge your ducking and weaving.

Senator LUNDY—Given the small to medium dance sector is struggling and had requested an additional \$5 million, was this proposal assessed? Why was the decision made not to provide this sector with the additional funds?

Senator Kemp—Let me make a couple of observations. I would think the small to medium dance sector may well benefit from the initiative that was provided to the Australia Council. The small to medium sector will benefit from that. Equally, I would expect that some of the small to medium dance companies will benefit from the additional money that has been given to Playing Australia. It is not true to say that this has been ignored. In fact, there are two

additional elements that have been made available to the arts as a result of this budget, of which the small to medium dance companies may well receive a benefit.

Senator LUNDY—Taking that a step further, I am sure you recall the letter to you signed by 40 company and festival directors who were specifically seeking to ‘prevent further haemorrhage by this sector’. What was your formal response to that letter and can you table it for the committee?

Senator Kemp—The formal response to the letter is the budget. The budget is where you put money up. I just indicated to you that there are two areas where one would hope that the small to medium dance companies will benefit. The Playing Australia initiative was very widely welcomed in the arts community. The performing arts community thought that this was an excellent initiative and, equally, the additional money that has been given to the Australia Council. Jennifer Bott may care to make some observations on that. We are very conscious of the issues surrounding dance, and that is why we were pleased to provide some additional money in the budget, which we hope will be of benefit to that sector.

Senator LUNDY—Did you respond in writing to that letter?

Senator Kemp—The response was the budget response.

Senator LUNDY—So you did not bother writing back.

Senator Kemp—They wrote to me about the budget, and we have now responded through the budget. I have not formally written—

Senator LUNDY—Did you send them a copy of the budget?

Senator Kemp—back to this organisation but I suspect that there were quite a few that were pretty supportive of what we have done, particularly in relation to the Playing Australia initiative.

Senator LUNDY—The general complaint from my recollection of the letter was that there was a perceived and justifiable celebration of our international success in dance but a complaint that there was inadequate investment in the grassroots of the dance sector across all areas. Ms Bott, could you go through the specific initiatives within this budget and perhaps give a brief overview as to how the Australia Council believes they can rectify this imbalance.

Ms Bott—The Australia Council is dealing with significant need in the small to medium sector not only in the dance area. I think the recent report into theatre companies and acknowledgment of the pressure that the music board is under means that all three of those boards—and to a certain extent literature as well—are areas we would be looking to address in our forthcoming budget not only from the additional \$1 million that we will receive but, as I mentioned before, from our own reassessing of priorities. In addition, we would expect that the extra moneys to Playing Australia will assist somewhat as might well some regional arts funding moneys.

There are significant areas to be addressed. The Cultural Ministers Council two years ago made an agreement on actions that state governments and the Commonwealth would all develop to address the small to medium areas, and they are all actions that have happened in

the past couple of years. They include everything from an investment in business planning for small to medium companies to what is called a harmonisation project, which is to lighten the administrative load on them in terms of grant applications. So there will be a continuing dialogue at the Cultural Ministers Council about small to medium companies.

Senator LUNDY—One of the issues that is continually raised with me about Playing Australia is that it services the large touring companies far more effectively than the very small to medium companies that emanate from the regions. Have you identified anything that has changed within Playing Australia that could address that issue?

Ms Bott—The impact of the new moneys is yet to be determined and developed by Playing Australia—on which the Australia Council sits as but one representative. My understanding is that Playing Australia services the small to medium sector extremely well and that some of the difficulties have been around the funding of the major companies. Both sectors need to be addressed.

Senator LUDWIG—I agree that there are many issues there. It was noteworthy that this letter to the minister was signed by representatives of all of the major companies. It was quite significant that they were lending their weight and influence to the issue affecting the grassroots. With respect to dance and the Cultural Ministers Council initiative that you identified are you able to point to state initiatives that are able to support this? To what degree is the Australia Council engaged in trying to assist in coordinating efforts to support SMEs in the dance area?

Ms Bott—The initiative is for small to medium enterprises in general—not just in the dance area—and the Australia Council is coordinating both the investment in business planning and the harmonisation project.

Senator LUNDY—Are you able to give an indication of what proportion of that emphasis rests with dance in particular?

Ms Bott—Given the number of theatre companies and music organisations I would guess that it probably has around 30 to 40 per cent impact on dance. I really should take that on notice. There would be a specific analysis of the number of dance companies that have benefited.

Proceedings suspended from 1.03 p.m. to 2.09 p.m.

Senator LUNDY—I would like to turn to the issue of the orchestral review. Can you provide a breakdown of the Australia Council funding for the symphony orchestras in each state, including Orchestra Victoria and the opera and ballet orchestras?

Ms Bott—Excuse me, the question was a breakdown of the?

Senator LUNDY—The actual funding allocations to each of them?

Ms Bott—Federal funding for the orchestras?

Senator LUNDY—Yes.

Ms Bott—Do you want me to read out the figures?

Senator LUNDY—Yes, please.

Ms Bott—This is Commonwealth funding, 2004 base grant: Sydney Symphony Orchestra, \$8,700,232; Melbourne Symphony, \$ 8,337,726; Western Australian Symphony, \$5,222,056; Adelaide Symphony Orchestra, \$4,474,965; Queensland Symphony Orchestra, \$5,267,024; Tasmanian Symphony Orchestra, \$4,646,005; State Orchestra of Victoria, \$3,679,113; and Australian Opera and Ballet Orchestra, \$4,084,932. Of course, we also fund the Australian Brandenburg Orchestra and Musica Viva and the Australian Chamber Orchestra.

Senator LUNDY—Can you give me the figures as well for those, please?

Ms Bott—Yes. For Musica Viva the base grant is \$958,703; the Australian Chamber Orchestra, \$1,036,824; and the Australian Brandenburg Orchestra, \$188,375.

Senator LUNDY—Is that the total of federal funds that each of them receives?

Ms Bott—Yes.

Senator LUNDY—Can that be split into any components or are those figures the base grant provided?

Senator Kemp—Those are the federal funds. Did you want the state funds? We can provide you with state funding.

Ms Bott—I have a sheet here which lists all of the federal funding, the state funding and then the projected total base grant.

Senator LUNDY—It would be excellent if you could provide that to the committee.

Ms Bott—This has actually got the opera companies, the orchestras, the theatre companies and the dance companies broken up in that way.

Senator LUNDY—Excellent. Thank you. Could that be organised now so I can refer to it? Can you provide a general explanation of the disparity in the respective base federal funding for each of those orchestras and a bit of the history?

Ms Bott—I will do my best. My colleague Catherine Brown-Watt is more knowledgeable about these matters. My understanding is that the orchestral funding levels—and I am now talking about the symphony orchestras, not the Australian Chamber Orchestra and Musica Viva or the Brandenburgs—are largely historically based. They were, as I think you would know, up until relatively recently part of the ABC. It is only as a result of the recent process of corporatisation that the responsibility for their funding was moved, together with their base grant figures and income to cover it, to the Australia Council from the ABC and the department. There has not been the kind of analysis done of those grants as there has been for the rest of the Major Performing Arts Board companies, whose base levels are rooted in the major performing arts inquiry results.

Senator LUNDY—Is that the motivation for the review that is currently being undertaken, to actually do that analysis? What is the rationale behind conducting the orchestral review?

Senator Kemp—There were, I think, discussions at the Cultural Ministers Council. There are some issues in relation to the review. There was strong support from ministers to have a

review of orchestras to deal with some of the issues that they felt were present. The Commonwealth was supportive of such a review. I think generally the review will be welcomed. From my feedback, I would have to say all state Labor governments are supporting the review. The terms of reference have been checked with state governments. I think the orchestras themselves, from my consultations with orchestras, are looking forward to the review as well. At the CMC in February—my memory has been refreshed—the ministers agreed to a review of symphony and pit orchestras. They were really keen to get it done as soon as possible. I would hope to be announcing this week the chair of the review, the members of the review team and the terms of reference. Do not hold me to it, but I would like to be in a position to announce the review this week. It probably is a fairly poorly kept secret. There seems to be a lot of discussion in the press already about it.

Senator LUNDY—Indeed.

Senator Kemp—Nonetheless, I think it will be welcomed. I hope it will be.

Senator LUNDY—Given that the Sydney Symphony Orchestra arguably has greater potential to attract sponsorship and box office sales and so forth, why does, for example, the Adelaide Symphony Orchestra receive half the funding of the Sydney Symphony Orchestra?

Senator Kemp—This funding was reached in consultation with state governments. I was not the minister at the time, so you may be able to add more to this, Jennifer. But my memory was that these funding formulae were fixed with the states. They were discussed as part of the Nugent inquiry. That explains why in some cases they were 80 per cent and 70 per cent and there was a sum of money which is available to each state essentially, and state governments operate on some initiative to decide where that money should be allocated. I think that is correct. So you do get 80 per cent for one orchestra and 70 per cent for another. But they were, I think, determined as part of the recommendations of the Nugent inquiry. There would be balancing items elsewhere amongst major performing arts companies in the various states. There are issues there and, of course, we would expect those orchestras to raise those issues.

Senator LUNDY—What are those major issues facing orchestras?

Senator Kemp—I do not want to pre-empt the terms of reference, but there are issues of how you market orchestras and governance issues. Various operational and marketplace issues will be discussed. This is really a chance to look at the sector.

I think the sector has achieved quite an amount, actually. As I go around, I have the opportunity to speak with many of these orchestras and to experience what they are achieving. I think the Nugent report has been pretty successful. Nonetheless, there are still issues there that sensibly should be addressed.

Senator LUNDY—In relation to the issues that have led to this review, one of my observations is that a number of the orchestras are finding it difficult to operate in the black. They are under a lot of financial pressure.

Senator Kemp—I think that is true.

Senator LUNDY—What are your observations about the general shape of the economic model behind orchestra funding?

Senator Kemp—In the end, this is what we are having part of the review about: to advise government and advise state governments and to point in some areas to future directions in which orchestras should move. I do not want to pre-empt the review, but it is obvious that some orchestras are struggling. Some are doing particularly well and some are probably in between. We have had requests from the territory orchestras to be part of this review.

Senator LUNDY—And are they part of the review?

Senator Kemp—You would not want me to pre-empt what I am going to be announcing, but I have listened very carefully to the submissions that have been made by various territory arts ministers. Let me put it that way.

Senator LUNDY—That is good to see. You have not excluded the territory orchestras, have you?

Senator Kemp—I do not think you will be unhappy with what I announce.

Senator LUNDY—Given that some are doing reasonably well and others are suffering, does that point to an issue of rebalancing some of their funding or point to unsustainable features in the current funding model?

Senator Kemp—Again, we would just like to have the review. Rather than my attempting to pre-empt the review, I think you might say that in some cases it is how they have managed their finances; in other cases you might ask how they are marketing themselves. I hope the review will look at best practice elsewhere in the world and in Australia and draw out lessons that may be of value to those orchestras which are finding things a bit difficult. For example, in Queensland there has been a bit of an issue but, again, my understanding is that they are seeing their way through that difficult period. In South Australia there is a difficulty. The Australia Council has worked very closely with the orchestra in South Australia. We keep in very close touch with these institutions. But I think it probably is time for a review and I think we should all let the review take place. There are eminent people on the review. I think the people who have been appointed to the panel will be welcomed.

Senator LUNDY—In the structure of this review, what is the Australia Council's involvement?

Senator Kemp—There is a review team, which of course is independent, and there is a secretariat being provided by the department. The Australia Council is included in that. The Australia Council will certainly have an input into it. I have no doubt that they may wish to put views themselves, which would always be welcome.

Senator LUNDY—Are you aware of whether the regional touring programs of orchestras have suffered as a result of some of the financial difficulties?

Senator Kemp—Are these intrastate touring programs?

Senator LUNDY—Yes.

Senator Kemp—Typically they are intrastate.

Senator LUNDY—My understanding is that they have in fact suffered under some of the financial pressure that has been experienced.

Senator Kemp—If you spoke to Orchestra Victoria they would probably tell you they have expanded their touring program over recent years. They are very active in taking the orchestra out into regional and rural Victoria. I congratulate them on what they are doing. Some of the touring programs, the intrastate ones, are funded separately from the Nugent inquiry, I suspect. You would find that there may be special allocations from state governments. Just as the Commonwealth has Playing Australia, each of the states has various programs that are similar to Playing Australia and provide money for intrastate travelling. I think I am correct in saying that that is probably over and above the allocations which come under the Nugent inquiry.

Senator LUNDY—Can the Australia Council shed any light on that issue for me? Have you got any evidence to suggest that intrastate or regional touring is in fact suffering?

Ms Bott—Not that I am aware of, but I could take that on notice.

Senator LUNDY—Thank you.

Senator Kemp—I think there are separate challenges. In Western Australia and Queensland the touring challenge is probably a bit greater than the touring challenge in Victoria or Tasmania, for example. We would understand that. Playing Australia typically funds interstate touring, although we do make some exceptions, I think, in relation to the larger states. We recognise the touring challenge there.

Senator LUNDY—Minister, you said that you may be announcing this week the chair and the terms of reference for the review. What is the overall time frame for this review to be conducted, for recommendations to be prepared and for a government response?

Senator Kemp—In the end it depends on when they think they can complete their work, but we would hope that by the end of the year the review would have completed its task.

Senator LUNDY—Given these issues—and I am sure you agree with me that they are quite pressing and some of the circumstances are quite dire—why was there no additional funding in this year's budget for the orchestras?

Senator Kemp—We have provided additional funding in this budget for the arts. You would always like to do more, but you operate within a budgetary framework. The funding for orchestras, as you well know, was a subject of the Nugent inquiry. The funding formula was reached in that inquiry with the agreement of state and federal governments. I am not sure that I can add more to it. In this review we can look at some of the issues that orchestras are experiencing. Sometimes the money is not the real issue, to be quite frank. It is in some cases. You can always put more money in, but the question is whether that is the best solution to some of the issues that are being faced by orchestras.

Senator LUNDY—Are you implying that you will consider defunding some of these orchestras?

Senator Kemp—No.

Senator LUNDY—That was my next question.

Senator Kemp—I am not implying anything. The sector, I think, benefited significantly from the Nugent inquiry. This is another chance to move the sector forward. There are significant issues that have to be addressed. This government is very supportive of orchestras. Under the Nugent inquiry, annual funding for the orchestras was substantially increased. That was in 2000. There was a substantial increase in funding to orchestras in 2000. I think base grants now total about \$57 million to orchestras, which is close to \$8 million up on orchestra funding in 2000. So there has been a significant increase in the funding to orchestras.

Senator LUNDY—But I am trying to understand the timing. It has been known for quite some time that the models were unsustainable and that some orchestras were doing it really hard. This review has been, as you say, talked about for quite some time now.

Senator Kemp—But the states—

Senator LUNDY—Ironically, next year's budget will be the first opportunity you probably will not have to do anything about it.

Senator Kemp—I do not think we will enter into that; it will only bore the public servants.

Senator LUNDY—No, do not go there. But do you see my point? If you do this review and then there are recommendations, it will effectively be a full financial year before they see any support from the federal government.

Senator Kemp—What is your solution to that? What would you do?

Senator LUNDY—I humbly submit to you that I would have acted far more quickly to get this review up and running when it became obvious some time ago that there were problems.

Senator Kemp—I am a consultative minister, so I work with the state Labor ministers. Sometimes—often—we work well together. I think that we have moved strongly on this. The Australia Council is working very closely with those orchestras that are experiencing difficulty. In some areas they have been cashflowed. We are very conscious of these challenges and we are able to assist through the Australia Council. I hope that you will get behind this review in a positive way and that it will not degenerate into point scoring.

Senator LUNDY—That will depend on how you approach the whole matter, Minister, as usual.

Senator Kemp—I always approach people in a very consultative fashion, as you know.

Senator LUNDY—Is there any specific threat of defunding Orchestra Victoria?

Senator Kemp—There is no threat at all from me.

Senator LUNDY—What about as a result of the review? Can you rule out that no orchestra will be defunded?

Senator Kemp—Let us just wait for the review. I have had a bit to do with Orchestra Victoria. I am very supportive of what Orchestra Victoria is doing. I have probably been to as many functions of Orchestra Victoria as of any other orchestra. I am rather well briefed on Orchestra Victoria. I want the review to be conducted in a sensible fashion. Then we can wait for the outcomes of the review and then people can decide their positions. As I said, I suspect

I have been to more of Orchestra Victoria's functions than any other orchestra's, and I meet with them regularly.

Senator LUNDY—Is that a sign of your commitment? Is that how we should measure your commitment?

Senator Kemp—It is a sign of my great interest in the sector and a sign of my interest in Orchestra Victoria and in other orchestras. I am not in the business of trying to pre-empt any recommendations. I think the committee will go about its work in a very positive fashion. The purpose of the committee is ultimately to promote orchestras. We are not actually in the business of wanting to press down on this sector. We want this sector to be well set up financially, we want the excellence of our orchestras to continue and we want them to have an even wider reach in the Australian marketplace and some, hopefully, in the international marketplace.

Senator LUNDY—I appreciate that. I was responding to the spectre you raised that the obvious solution was to find more money and, in the absence of more money, to find what other solutions are available. The direct implication there is that you take bigger pieces from the same sized pie for fewer organisations. If you could rule it out then I could stop speculating about it between now and the next election.

Senator Kemp—It is always a pity to debate arts issues like that.

Senator LUNDY—If you do not rule it out, I have no choice.

Senator Kemp—No, it is not about ruling it out. What happens is that, as soon as a minister starts to rule this and that out, everyone wants something ruled out. It is far better that we leave the review to get on with its business.

Senator LUNDY—Surely in the interests of stability and certainty this is an opportunity for you to do that?

Senator Kemp—Orchestra Victoria, and indeed the other orchestras, know I am extremely supportive of this sector. It is my view that I want this sector to expand, not to contract. That is my view, but I think that we have to address some of the issues. We have set up an expert team. I know that at the next estimates I will be asked to rule this in and rule that out, which will go on forever. Let us just let the review team go about its business. If you do not like the results of the review, you can stand up here and talk about it; equally, so can I. I do not say that I will accept the recommendations, but obviously I will look very closely at them. They are an expert group, and we want to look very closely at their review. We would expect the quality of their work to be exceptional. Clearly the government would look very closely at the recommendations of such an outstanding group of people.

Senator LUNDY—Ms Bott, is there any real risk of any of these orchestras going into liquidation between now and when the government will respond to the review that will be started shortly? How dire are the circumstances? What representations are being made to you?

Ms Bott—The Major Performing Arts Board is in constant touch with, receiving regular reports from and in constant dialogue with boards and senior management of all of the orchestras. It is often also in dialogue with auditors and others. We would certainly be aware

if anybody was in imminent danger and we would work to ensure that the review is allowed to take its course and that appropriate recommendations are made.

Senator LUNDY—So if the circumstance arose between now and when the government responds to the review whereby one of these orchestras found itself in a completely unsustainable state and had to go into liquidation, would they be assisted either directly by the government or through the Australia Council Major Performing Arts Board to ensure their survival until the completion of the review recommendations and the implementation of whichever of those recommendations are accepted by government?

Ms Bott—We actually deal with situations like that often. Certainly in the case of a company that was the subject of a review that was happening, yes, we would work on varying ways of supporting them until the review was completed so that they were still a player in the situation until some conclusions had been reached and both governments involved, as well as the company itself, had taken appropriate decisions.

Senator LUNDY—In the absence of the results of the review, which I imagine will come up with a series of recommendations about a new structure that is hopefully sustainable, has there been any application for additional funding to ease that pressure in the meantime—that is, over the next financial year?

Ms Bott—Not that I am aware of.

Senator LUNDY—So we will cross our fingers and hold our breath on that one as well?

Senator Kemp—Yes, but I would be very positive.

Senator LUNDY—I am pleased to hear that.

Senator Kemp—This is something that we should be pretty positive about. As I said, I start from a position that this is an important sector and I want this sector to expand and to be put on a very healthy footing. I think a lot of orchestras are doing all right. I would not say they are not.

Senator LUNDY—I do not mean to paint too bleak a picture but I know there are issues, as I think we have all agreed, and I think it is important that that be acknowledged too.

Senator Kemp—Okay.

Senator LUNDY—Minister, are you committed to each of the states being able to maintain an orchestra?

Senator Kemp—We have a set-up at the moment where all of the states have orchestras. That makes sense. I personally am comfortable with that. We are a very big country. It is very hard to service Perth even from Adelaide. It is far harder if you are going to move an orchestra around; it is very difficult. I think it is possible to put the sector on a very sustainable footing, actually. Again, it will depend on government but it will partly depend on orchestras and their capacity to get out and relate to wider audiences. Orchestra Victoria has been very good at doing that, in my view, from the reports that I hear. You have already seen changes, I think, in the way the TSO operate in Tasmania. They have been able to find a niche for themselves.

We are not seeking to contract the sector. Our aim is not to do that. It is in fact quite the reverse. But I think we all recognise that markets are changing. There are new markets, and it is a question of how orchestras can best adjust to those markets. It is a very big topic and I am not an expert on it. We are looking at the major orchestras, but there are many orchestras in Australia. In fact more are probably being formed as we speak. There will not be a shortage of orchestras. This government has been committed to orchestras. The Nugent report showed our commitment. We have increased funding to orchestras. I think this review shows our commitment. We are not in this review to save money.

Senator LUNDY—Thanks, Minister. A community artist has raised with me the issue of the difficulty of getting funding for projects between \$4,000 and \$50,000. While state governments are prepared to fund projects within the parameters of this amount of funding, projects need to be very small and obviously fit within the budgets. If large-scale projects are considered, community artists must apply for federal grants and this means much greater competition and complexity. With the states covering off community projects up to around \$4,000 or \$5,000, how much funding is available through the Australia Council to support community arts projects of some magnitude, between \$5,000 and \$50,000? This community artist has put to me that there is a gap in that area of funding. I do not know whether you can assist, Ms Bott, but this seems like a good time to try and get some answers.

Ms Bott—If you have a look at the 2002-03 results in our annual report you will see that pages 54 to 56 list the community cultural development grants. I have not done a calculation in my head but I would say there is certainly a significant percentage, looking at that, within that range—over \$5,000 and under \$50,000. I am not aware of that as being a problem and I think these facts would suggest that it is not.

Senator LUNDY—What sorts of difficulties are faced by community artists embarking upon a community project, to your knowledge? Looking through some of these projects I see that there seem to be plenty within those funding parameters. Maybe this concern points to the difficulty of just finding out the information or indeed the application process or barriers associated with the competitive nature of that field. Perhaps you can shed a bit of light on just how competitive this particular category is.

Ms Bott—It is not one of the more competitive. The most competitive field is music. Music, visual arts—those areas are much more competitive on a percentage basis. However, having said that, there are specific criteria that the Community Cultural Development Board demands. In general, projects need to be driven by the community rather than by the artist. That is the nature of that art form area. Perhaps the inquiries you are receiving might be about that.

Senator LUNDY—So the applications need to come from the community, even with respect to new work?

Ms Bott—Yes. Even with new work it certainly needs to be demonstrated that it is arising out of community need and there are significant partnerships involved in a community, for this board.

Senator LUNDY—So could the barrier potentially be for a community artist—singular—who is taking an initiative in the community but whose project happens to be very large? Are there any single-artist community artwork project grants between \$5,000 and \$50,000?

Ms Bott—If it were shown that there were strong linkages with a community then, yes, I imagine there would be. If this is a particular case, I would be happy to follow it up if you would like to suggest that that person write to me.

Senator LUNDY—I will do that. Thank you very much. Now I would like to refer to the Myer review and the various recommendations arising from that, in particular with respect to resale royalties for visual artists. In answers to questions on notice the Australia Council said that it was continuing discussions with the department and the minister about the implementation of a resale royalty scheme like the one Labor has proposed. Can you update the committee on how these discussions are going and whether there has been any movement, as far as the Australia Council can perceive, for the department to indeed act on this recommendation?

Ms Bott—There has not been a formal decision yet by the minister, but it might be more appropriate if the department commented.

Ms Bean—The work is still being carried on in relation to resale royalties. It does involve discussions across departments because, as you would appreciate, a number of the recommendations relate to issues that are not within this portfolio—generally on the Myer stuff. On resale royalties specifically, intellectual property is a joint responsibility with the Attorney-General's portfolio. Obviously there are discussions going on between the two portfolios.

Senator LUNDY—How many meetings have occurred between this department and Attorney-General's to progress a resale royalty scheme?

Ms Bean—I do not know. There are ongoing discussions with different people at different levels and in different areas of our department.

Senator LUNDY—Who has prime carriage of a resale royalty scheme in this department?

Ms Bean—In DCITA?

Senator LUNDY—Yes.

Ms Bean—It is a split responsibility. Obviously the Arts and Sport Division has an interest because it relates to arts issues, and the ICT Industry and Intellectual Property Division has a responsibility because they look at—

Senator LUNDY—The copyright issue.

Ms Bean—copyright, and this is essentially a copyright issue—international copyright agreements.

Senator LUNDY—Presuming officers of both of those divisions are communicating about the issue, what is the next stage?

Ms Bean—We need to finalise our advice to the ministers.

Senator LUNDY—Will that be coordinated with advice from A-G's to their minister, or does that advice come through this department?

Ms Bean—We have not—

Senator LUNDY—Gone even that far?

Ms Bean—We have not talked about the final process in terms of whether we go to our minister and our minister writes to the Attorney or whether both departments go to both ministers—in fact it could be three ministers because the Minister for Communications, Information Technology and the Arts will be involved as well. The three ministers will be involved in the decision making process.

Senator LUNDY—Is there a time frame within which it is hoped or planned to take a decision?

Ms Bean—This is a decision for government. It is not really for me to say. We are working on providing the advice.

Senator LUNDY—Do you have a deadline for providing that advice?

Ms Bean—Not a specific date.

Senator LUNDY—Is there a priority attached to it?

Ms Bean—There is. We have had discussions with the minister and his staff and have been encouraged to proceed quickly.

Senator LUNDY—Are you actually drafting legislation or are you just providing advice on the features of such a scheme?

Ms Bean—We are working on options for a scheme.

Senator LUNDY—So you are not at the drafting stage or anything like that?

Ms Bean—No drafting instructions have been issued.

Senator LUNDY—Minister, is there a time frame that you are working to in the preparation of a resale royalty scheme for visual artists? If so, what is it?

Senator Kemp—One of the achievements of this portfolio—and there are a number—that I would point to is the implementation of the Myer report; the significant budgetary injection into the visual arts, which is probably in a relative sense bigger than the Nugent report; and our work with the states, who do not always share our political sympathies, to advance this sector. There are a number of other non-budgetary issues in the Myer report. We have been working through a range of those. One of the ones which is really challenging is the resale royalties issue. This is something the government has not made a decision on. I hope to make some announcement about that in the coming weeks. It is one which I think there will be people in favour of and people against. We are working through those issues. There are constitutional issues involved with this particular proposal. As I said, I hope that I will make an announcement on the progress we have been able to make on the non-budgetary items in the coming weeks.

Senator LUNDY—Can you say that last bit again?

Senator Kemp—I hope to make an announcement on the progress that we are making on the non-budgetary items in the coming weeks.

Senator LUNDY—On the budgetary items?

Senator Kemp—On the non-budgetary items.

Senator LUNDY—Sorry, I did not hear you correctly.

Senator Kemp—I think there has been enormous progress on the budgetary items. As I said, that has been one of those initiatives which has been very much accepted in the arts community, which is administered by the Australia Council in cooperation with the states.

Senator LUNDY—I will get you to run through all of those responses and their status to date in relation to the recommendations of the Myer review, but before I do that I just want to ask the minister whether it is the Howard government's intention to try and—

Senator Kemp—Would you mind repeating that, please?

Senator LUNDY—I had not quite got to the question. Minister, notwithstanding what you said, I would like to ask you whether or not it is the Howard government's intention to bring forward a legislative program for the resale royalty for consideration by the parliament.

Senator Kemp—You will just have to wait until we make an announcement on it. It is an issue which quite a bit of attention has been given to, including attention from me. I am well known and on record as approaching it from a very positive angle, but in the end it is ultimately a government response. As I said, I hope to make an announcement in the coming weeks on the progress that we are making on the non-budgetary items.

Senator LUNDY—Then can I say to you good luck with your cabinet submission, and we will wait and see.

Senator Kemp—I always know that you are very supportive of me, Senator. Deep down I know you are very supportive.

Senator LUNDY—Labor having taken the initiative on this, once the government decided not to support our—

Senator Kemp—I saw that.

Senator LUNDY—It really is up to you to respond and come up with your own program.

Senator Kemp—I think you should hope and pray that you never have to implement that bill.

Senator LUNDY—The ball has been in your court for some time, Minister.

Senator Kemp—Anyway, I do not think we will bore the officers with a political debate. Your point has been made and so has mine.

Senator LUNDY—You talk about the general progress of non-budgetary items. Would you just like to take the opportunity to run through them point by point?

Senator Kemp—No, I would not. I think we will just have to wait to see. You will be amongst the first informed when I make the announcement.

Senator LUNDY—Am I interpreting this correctly: that you will be making an announcement about not only resale royalties but other non-budgetary elements in responding to the Myer review?

Senator Kemp—Yes, that is a fair interpretation.

Senator LUNDY—Thank you, Minister. Now that I have got that clear—

Senator Kemp—Now that you have nailed me on that! Can I just make a point: we are bumping into some program issues. We have the National Library of Australia, who have been here really all day. They have a conference that the CEO is taking a significant role in. The first question is: have you got many questions on the National Library? If you have not, I wonder whether we could at the finish of the Australia Council bring them on. If you have a lot of questions we will have to revisit that. Jan Fullerton has been here for quite a period of time and is very anxious to support Senate estimates, as she always does, but she has other obligations as well.

Senator LUNDY—I have been trying to move through things as quickly as possible. My preference is to stick to the program, but I am also happy to try and—

Senator Kemp—Have you got many questions on the Library?

Senator LUNDY—Yes, we do have some and I would like the opportunity to ask them.

Senator Kemp—I think Jan Fullerton needs to be somewhere at five o'clock. If we could possibly accommodate the National Library I think it would make sense. It would certainly add to your own standing, Senator, and popularity if you could do that, particularly with Jan Fullerton.

Senator LUNDY—In your eyes, I take it, Minister?

Senator Kemp—I will be here till 11 regardless, so it does not make any particular difference to me. But, because I am a minister that likes to help people, if we can accommodate the National Library that would be good.

Senator LUNDY—Chair, are you following this discussion?

CHAIR—I am. I am just thinking how renowned Senator Kemp is for his help and assistance to many groups of people and civil servants. Can we accommodate the Library earlier?

Senator LUNDY—Yes, we can.

CHAIR—Excellent.

Senator LUNDY—Immediately following the Australia Council. Going back to all of the recommendations from the Myer review, what recommendations have yet to be implemented?

Ms Bott—The situation is, as you know, that \$39 million from state and federal governments was given over four years from the current fiscal year through to 2006-07. It is a package negotiated by officials and agreed by ministers and it comprises bilateral agreements on the funding of specific organisations, with an agreed amount of support also to individual artists in each state and territory, and then national initiatives to support service organisations

and Indigenous arts development. The Australia Council is responsible for delivering most of the Australian government's annual contribution to the strategy, beginning with \$3 million in this current year and rising to \$5.5 million in 2005-06. Then DCITA's Visions program will deliver up to \$500,000 per annum to support major contemporary art exhibitions. We have just signed the funding agreement with DCITA. All of the organisations receiving Australian government funding through the strategy are in the process now of receiving their new funds for 2004 activities. We expect that all of the payments will be made before 30 June, and those organisations will then be offered triennial funding agreements from 2005 to 2007, and they will all be undertaking business planning during this calendar year. We will then be negotiating these tripartite funding agreements with the organisations, the state and the Commonwealth. There will be a few additional organisations that will be brought into the process over those coming years.

Then \$1 million in additional support was given for individual artists, and that is in the second year of the strategy—in other words, 2004-05. We will be allocating increased support to the Visual Arts-Crafts Board, increased moneys for them, to respond to those applications. They will be meeting in June and the successful artists will receive their money after August. We will be tracking funding state by state, which is a requirement of the Cultural Ministers Council agreement. I can tell you that applications for new works have jumped from 434 to 836 as a result of the knowledge of this new money for individual artists, and we are expecting that successful applicants will rise from about 56 to about 120. Then there are national initiatives that are managed in the Indigenous area—about \$300,000, which is going to ANKAAA, Desert and Ananguku, with a further \$310,000 allocated to support new projects from Indigenous arts centres. I do not know whether you want to know the details of where those payments are at or whether that is enough?

Senator LUNDY—What general recommendations in the review have not been addressed?

Ms Bott—I do not think I could comment on that. I certainly do not have it here in front of me, I am sorry.

Senator LUNDY—Would you be able to take that on notice?

Ms Bott—Sure.

Senator LUNDY—Any further questions I have I will place on notice. So we can go to the Library now. Thank you very much.

CHAIR—I thank the Australia Council.

[3.00 p.m.]

National Library of Australia

CHAIR—We welcome the officers from the National Library.

Senator LUNDY—What is the dollar figure on the efficiency dividend paid by the National Library?

Mr Linehan—About half a million dollars per annum.

Senator LUNDY—How do you service that efficiency dividend? What is the general approach within the Library from year to year, or perhaps you find different ways of finding it each year?

Ms Fullerton—We do struggle with it constantly. We do it through work improvement, productivity gain. In the past few years we have embarked on some very ambitious projects. In the next couple of years we plan to be in a consolidation mode, so we will control growth in that way.

Senator LUNDY—When you say ‘consolidation mode’ what does that mean?

Ms Fullerton—We will continue with the projects that we are engaged in and bed them down and not begin anything new that will be resource intensive.

Senator LUNDY—Did you request additional money as part of your budget?

Ms Fullerton—We were successful in gaining \$9.9 million just to build the warehouse, which was our highest priority.

Senator LUNDY—What is the time frame for that facility? I do not know the degree to which it is planned, but perhaps you could give me some detail on what that \$9.9 million will be spent on.

Ms Fullerton—It is the first part of a wider portfolio plan to accommodate collection and storage across the portfolio institutions. We require collection space at the beginning of 2006, so we have a plan to build and begin to operate by 2006.

Senator LUNDY—Where will it be built?

Ms Fullerton—We are in the process of trying to acquire a site for it now.

Senator LUNDY—In the Australian Capital Territory?

Ms Fullerton—Yes, and we hope somewhere near our existing warehouses in Hume.

Senator LUNDY—You said that this was part of a wider portfolio institutions collection facility.

Ms Fullerton—A strategy.

Senator LUNDY—Strategy, sorry. Does that mean ‘facility’?

Ms Fullerton—In this case it is a facility. The National Library expects it will accommodate our collection growth for about 10 years. Of course we will consider sharing that space with other institutions in the portfolio.

Senator LUNDY—So, when you say it is part of a wider portfolio institutions strategy, is that what you mean, that the Library is looking at sharing that facility?

Ms Fullerton—No, I mean that as part of the review across all agencies this was identified as a priority issue. Collection storage relates not just to the National Library but to other collecting institutions, to a greater or lesser degree.

Senator LUNDY—The review of cultural institutions culminated in some cuts last year and has resulted in \$9.9 million for the Library this year? What particular recommendation of that review did this initiative relate to?

Ms Gosling—One of the aspects of the review of cultural agencies was to look at shared services across the cultural institutions. One of the aspects of the review was to look at storage as one of the key pressures on the collecting institutions for the longer term. The portfolio strategy that Ms Fullerton has referred to is something that the agencies have been working on in consultation with the department, the National Library, the National Archives, the National Museum and the Australian Film Commission—ScreenSound. The plan is basically to try to put a strategic framework around the longer term pressures on the organisations in relation to their collection storage. Stage 1 has culminated in the allocation this year to the Library, and then what we are trying to do is actually look at the priority areas for the collecting institutions in terms of the types of material that they collect and try to have a cross-portfolio approach to what their storage needs may be.

Senator LUNDY—In allocating more money to the National Library, we heard from the archives earlier that they would anticipate they would need to lease the space in that facility if they were to access it. That implies to me that the National Library will be able to recoup some costs associated with it. How will the financial arrangements be made?

Ms Fullerton—The financial arrangements are still subject to discussion and agreement.

Senator LUNDY—I guess the question is: is it surely a library-run facility or is it a departmental facility to which all agencies will pay fees for storing their material there to help offset the cost?

Ms Gosling—No. The allocation has been made to the Library. It will be a Library facility. But as part of the review outcomes there was a broader look at the other pressing needs in Canberra, and the archives on this occasion will be collaborating with the Library for access to that facility.

Ms Fullerton—It will not be filled with our material from day one, so we do have the capacity to accommodate others as the collection grows.

Senator LUNDY—Do you have an idea of what the terms and conditions for library storage will be at the facility? That is, you have received capital funding for its construction and purchase of land or purchase and fit-out—whatever the detail is. Will you then be subject to ongoing costs for storing your material there?

Mr Linehan—The ongoing costs would be just normal operating costs—paying electricity, those sorts of things.

Senator LUNDY—So different from what the National Archives are envisaging at this stage?

Mr Linehan—I am not sure.

Senator LUNDY—Have a look at the *Hansard*. They implied that they would be needing to—

Ms Fullerton—To lease space.

Senator LUNDY—To lease space, yes.

Ms Fullerton—I did hear Mr Gibbs say that, but we have had no discussion about the arrangements with other agencies.

Mr Linehan—That would be one option that would be available.

Senator LUNDY—This goes back to Ms Gosling's point. If this is a multi-institution portfolio-wide initiative, that implies that in fact there would not be an additional leasing cost to any institution participating, in that it did genuinely provide a service and offset some of the costs for those institutions.

Ms Fullerton—I think it is premature for to us discuss the nature of the relationship with other agencies using that, because it is simply an issue that we have not yet dealt with. Leasing is one option. But we may accommodate them at no cost to them.

Ms Williams—In this portfolio-wide storage plan the Library's needs were identified as the first priority. So it was not a facility for across the portfolio; it was a facility specifically for the Library.

Senator LUNDY—You mentioned that it will service the Library's needs for a period of 10 years. Is that all of the space or have you identified that a proportion of the space will service the Library's needs, and how developed is the thinking about space allocation at the facility?

Mr Linehan—Certainly in the context of the construction of the facility that we have funding for, it would accommodate the Library's needs for the next 10 years.

Senator LUNDY—I will throw this one up: is that a reasonable time frame for a \$10 million facility, to service the storage needs for only a 10-year period?

Mr Linehan—Sorry, we probably should clarify that. It would service the growth in the library collection for the 10 years; the facility itself would have a much longer life.

Senator LUNDY—No, I appreciate that. But you would run out of space in 10 years?

Mr Linehan—Yes.

Senator LUNDY—The growth proportion of the collection after that?

Mr Linehan—As part of considering all of this arrangement we were looking at various cost-benefit arrangements in terms of what were the best options, and that was one element that we looked at.

Senator LUNDY—Did you get what you asked for?

Ms Fullerton—We did.

Senator LUNDY—What funding is allocated to the regional touring programs that the Library offers?

Ms Fullerton—Touring of our exhibitions?

Senator LUNDY—Yes.

Ms Fullerton—Touring of our exhibitions depends on our gaining Visions funding. We have no funding allocated for that. We do have a staff member who we support.

Senator LUNDY—What regions has the Library taken collections to in the last six months under Visions?

Ms Fullerton—I believe we have one exhibition, the Ellis Rowan exhibition, which has been in Tasmania and is about to open in Adelaide within the next week. That would be the major one.

Senator LUNDY—Have you received funding for any more initiatives under Visions Australia?

Ms Fullerton—We have had generous funding for exhibitions for a long time. But that is the current exhibition that is travelling.

Senator LUNDY—Can you take on notice to provide a list of all of the touring exhibitions that have had funding under Visions?

Ms Fullerton—Certainly.

Senator LUNDY—How much, a description of it and what the attendance levels were at each of those exhibitions?

Ms Fullerton—Certainly.

Senator LUNDY—The Senate committee reported on the issue of online access in public libraries and the various demands placed upon public libraries as a result of the information age. Has the National Library had a chance to respond specifically to those recommendations?

Ms Fullerton—The National Library has responded by briefing the minister, by briefing our colleagues in the department and by discussing the implications with libraries around Australia, including public libraries.

Senator LUNDY—Have you identified any priority issues or recommendations arising out of that report as far as the National Library is concerned?

Ms Fullerton—I think we are very strongly supportive of the recommendations of the report that relate to the National Library.

Senator LUNDY—Minister, could I ask you—if you would stop texting people for one moment—

Senator Kemp—I can actually do two things at the one time. Senator Lundy can chew gum and walk at the same time and I can do Senate estimates and text at the same time. At least I think I can.

Senator LUNDY—Has the government responded yet to that Senate inquiry?

Senator Kemp—No, we have not responded to the report.

Senator LUNDY—Are you going to? It is a very good report.

Senator Kemp—I will seek advice. Yes, we will be responding, but I do not think we can put a time on it.

Senator LUNDY—You cannot tell me when?

Senator Kemp—I have been very helpful to you already on an orchestral review and I do not intend to continue my form in that regard.

Senator LUNDY—How unfortunate.

Senator Kemp—I think I have peaked in helpfulness.

Senator LUNDY—So we will look forward to a government response to that inquiry at some point in the future, I take it?

Senator Kemp—Indeed.

Senator LUNDY—Surely you would concur that there were many worthy recommendations contained in it?

Senator Kemp—I am sure there were. I know the National Library is very supportive of some of those recommendations.

Senator LUNDY—Indeed. How is the pilot program going with respect to support you give Library users?

Ms Fullerton—The Ask Now service has now moved from being a pilot to being an operational service, and it is developing very well.

Senator LUNDY—How is the substantial resource management challenge associated with that project proceeding?

Ms Fullerton—It is managed by sharing and by trying to increase the number of partners. A number of public libraries around Australia are now assisting by taking parts of the roster on that. We are looking at particular issues like how to deal with a peak between three and four in the afternoon when the schoolchildren come on. We will be considering strategies for dealing with that.

Senator LUNDY—What is the level of remuneration paid to the chair and other members of the National Library board?

Ms Fullerton—The Remuneration Tribunal determines that.

Senator LUNDY—Do you manage the conditions for that payment? Is it quarterly or monthly?

Ms Fullerton—We do manage it. It is every six months.

Senator LUNDY—Is there any rationale behind that payment or is when those payments are made up to the National Library to determine?

Ms Fullerton—I will seek advice on that. Yes, I think it is an arrangement that the National Library makes with the members of council.

Senator LUNDY—How does the Library advertise its vacant staffing positions, as a general rule? Is it a national advertisement?

Ms Fullerton—It normally is a national advertisement, in the *Australian* newspaper. We increasingly use web site advertising as well.

Senator LUNDY—Finally, what is the staff turnover rate at the National Library?

Ms Fullerton—We have high retention rates.

Mr Linehan—I think the attrition rate is around eight per cent. I think it is similar to that across the service, from memory.

Senator LUNDY—It is a big question, I know, to ask how the Library goes about collecting and purchasing artefacts and other materials for various collections, but can you tell me whether board members are given authority to personally purchase either for the collection or from the collection?

Ms Fullerton—No, board members do not have the authority to do that. That is managed by the National Library.

Senator LUNDY—So they are not involved in any way?

Ms Fullerton—They are not. What the board members approve is our collection development policy, which is the policy that lies behind collecting.

Senator LUNDY—Although I have not asked those questions for quite some time, I am not intending to do it today. That is all I have for you. Thank you very much.

Ms Fullerton—Thank you, Senator.

CHAIR—I thank the National Library.

[3.19 p.m.]

Australian Film Commission

CHAIR—We now call the Australian Film Commission.

Senator Kemp—Mr Chairman, I thank the committee for its courtesy with the National Library. There are a couple of other housekeeping issues. We have before us the Australian Film Commission. I think Mr Brian Rosen of the Film Finance Corporation was also asked to come to Senate estimates, although the Film Finance Corporation is not listed in the program. Is that right, Senator Lundy?

CHAIR—It is a subsidiary organisation, though. There was an issue about organisations which were not directly funded being called.

Senator Kemp—I do not think the Film Finance Corporation would see itself as a subsidiary organisation. My point is that Mr Brian Rosen is here. If people would like to question him, it would make a bit of sense to have the Film Finance Corporation and the AFC at the table together, if Senator Lundy were so disposed. Anyway, I am in the hands of the committee.

CHAIR—I think that would be a sensible option.

Senator Kemp—The next housekeeping issue—and this is even more important than the National Library housekeeping issue—

Senator LUNDY—Then why didn't you raise it before the National Library issue?

Senator Kemp—Because I just learnt it. Mr Kim Dalton is booked on the 4.55 p.m. plane out of Canberra to take his daughter to a school concert.

Senator LUNDY—This is emotional blackmail.

Senator Kemp—Not at all. I just raise it to see whether the Labor Party is concerned about family values—whether this is a family friendly committee.

Senator LUNDY—Never more so.

Senator Kemp—Having said that, we understand that estimates take priority. If we can run the course so that we perhaps finish here by about four o'clock that would be terrific. Would you like Mr Brian Rosen at the table, Senator Lundy?

Senator LUNDY—Yes, thank you.

Senator Kemp—He is already at the table.

CHAIR—To get back to the issue that I was talking of, there was some question about calling certain organisations to this estimates. It seems that there was a little inconsistency in the fact that some organisations were directly budgeted or funded by the government and some were not, and we had been calling some but not all of the second category of organisations which fell under the umbrella of this lot of estimates. I thought that was where you were going to go, Minister. I made a misjudgment by raising that issue. I am sure we will try to accommodate Mr Dalton.

Senator LUNDY—Turning to page 253 of the portfolio budget statements, I note the change in the outcome statement to reflect the integration of ScreenSound. Can you go through this for me and indicate the changes to the outcomes and outputs and the associated funding integration? I want you to reverse engineer the budget documents for me.

Mr Dalton—Before we start that, I want to bring the committee's attention to a mistake in the figures which relate to the Film Commission's appropriation shown for outputs 1.3 and 1.4 on page 258 of the portfolio budget statements 2004-05 budget related paper No. 1.3. We will correct this information at additional estimates. In particular I draw the attention of the committee to an underestimation at 1.3 and an overestimation at 1.4. The figure which is applicable is \$5 million. We have a piece of paper which I would like to table providing the correct information.

CHAIR—We will accept that, thank you. We appreciate that.

Senator LUNDY—Does that error flow right through all of the reporting on the financial—

Mr G. Brown—The error relates to map 2.1, which is on page 258. That flows through to table 2.1.1 on page 261. It then flows through to table 2.2.1 on page 263.

Senator LUNDY—I might get you to step me through the corrections. If I can put them in now, at least I will be working with the correct figures. Can we do that quickly?

Mr G. Brown—Yes, we can. On page 258, output 1.3, the total price of outputs should be \$16.527 million and the departmental appropriation should read \$16.018 million. For output

1.4 the total price of outputs should read \$8.104 million and the departmental appropriation should read \$6.778 million. On page 261, table 2.1.1, in the column headed 'Budget estimate 2004-05' for output group 1.3 the figure should read \$16.018 million and for output group 1.4 the figure should read \$6.778 million. On page 264, under 'Performance information for departmental output 1.3' the total price should read \$16.527 million and under 'Performance information for departmental output 1.4' the price should read \$8.104 million.

Senator LUNDY—Thank you. Why was that mistake made?

Mr G. Brown—It was an incorrect attribution of resources between the two outputs. Both of those outputs relate to the work of ScreenSound, the National Screen and Sound Archive. It was simply the wrong attribution of certain work that is undertaken within that area.

Senator LUNDY—Was it a mistake in incorporating correct information taken from the budget?

Mr G. Brown—It was a clerical error. That is all it was.

Senator LUNDY—It is all by the by now, but I imagine it would have caused quite a stir.

Mr G. Brown—Absolutely.

Senator LUNDY—Everyone freaked out when they thought you were going to do that to collections—is that right?

Mr G. Brown—Absolutely—when I noticed it, yes.

Mr Dalton—It caused a stir by the finance director or by the head of corporate services when he noticed it. It caused a stir when I was informed when I got off a plane from overseas this morning. That is the stir that it caused. It was a clerical error which has just recently come to light, that is all. It had no other implications.

Senator LUNDY—What is the dollar figure for your efficiency dividend?

Mr Brown—It is approximately \$400,000.

Senator LUNDY—Is that combined for both ScreenSound and the AFC?

Mr Brown—Yes, it is.

Senator LUNDY—I presume that represents one per cent?

Mr Brown—Yes, it does.

Senator LUNDY—Like everybody else. In terms of those corrected figures in the outputs, can we now go back to illustrating the proportion of the funding for each of these outputs that did in fact come from ScreenSound's budget previously?

Mr Dalton—Sorry, could you state that question again, Senator?

Senator LUNDY—In each of these outputs—

Mr Brown—Outputs 1.3 and 1.4 relate to the work of the archive.

Senator LUNDY—Are they the only two outputs that introduce elements of ScreenSound's budget?

Mr Brown—Yes, that is correct.

Senator LUNDY—So the total of those two outputs—

Mr Brown—The total price of outputs is \$24.631 million. The departmental appropriations are \$22.796 million.

Senator LUNDY—Obviously the balance is made up from revenue from other sources?

Mr Brown—Yes, revenue from other sources is \$1.835 million.

Senator LUNDY—What was that \$22 million figure you gave me?

Mr Brown—Departmental appropriation, \$22.796 million.

Senator LUNDY—In answer to a question on notice from the February estimates the AFC gave me the figure that the total ScreenSound appropriation was \$22.444 million. I know there is a difference there of some \$250,000. Is that one of the ghosts of the accounting processes or is there a reason for—

Mr Brown—For the increase?

Senator LUNDY—Yes.

Mr Brown—I do not have the number that you quoted, but the increase is due to parameter indexation.

Senator LUNDY—Could you take on notice whether there is any other reason for that?

Mr Brown—There is. I can tell you what those are. The change to the ScreenSound funding is due to a further amount of \$72,000 being withdrawn for the agency review associated with the collection of depreciation funding, Comcover of approximately \$260,000 and then the parameter adjustment of \$240,000.

Senator LUNDY—What was that other element—Comcare?

Mr Brown—Comcover. Comcover is our insurance costs. They were increased; therefore, we got some supplementation from government.

Senator LUNDY—Have you identified any savings as a result of the administrative and IT mergers that were previously discussed with respect to the merger with ScreenSound? Can you point to any?

Mr Brown—The corporate services review was undertaken not with the intent of cost saving. We are developing a structure which will provide the most efficient and effective services to the organisation as a whole. To date, no savings have been generated through the integration of the new corporate services structure.

Senator LUNDY—To what degree has that occurred, though, to date arising out of that corporate services review?

Mr Brown—No savings have been generated to date arising from that corporate services review.

Senator LUNDY—What changes have taken place as a result of that review?

Mr Brown—A number of changes were recommended as a result of that review. One of those is that the HR section for the organisation is now located in Canberra. The finance section is located in Sydney. The IT section has staff in both Canberra and Sydney servicing the IT needs of the organisation. Records management is in both Sydney and Canberra. Our legal section will shortly be staffed in both Sydney and Canberra. So there has been some centralisation of the HR and finance functions. The other functions are working as a unit and a section but are geographically in different locations. It is intended that that will stay because that will actually meet the needs of the organisation and provide the service that the organisation needs into the future.

Senator LUNDY—When you talk about IT and record management, what was there before is effectively staying in the same place?

Mr Brown—Sure.

Senator LUNDY—Is that what you mean?

Mr Brown—Yes, sure. Previously the archive had one records officer and the AFC had part of a staff member but also part of another staff member. We now have, for example, in the records management area one records officer in Sydney and one records officer in Canberra overseen by a record-keeping manager. In the technology services area we have a number of new positions in the IT area. We have a new manager of technology services who oversees the entire IT operations of the organisation. He oversees record keeping also. We also have a new technology services assistant position located here in Canberra.

Senator LUNDY—I will come back shortly to some more questions about the integration. Before I do, was the AFC involved in the lobbying for the extension of the film tax offset scheme to television?

Mr Dalton—The AFC does not get involved in lobbying, but we have done certainly a lot of policy work with regard to foreign production here in Australia and, as you would be aware, produced only 18 months ago a major report about the impact of foreign production within Australia. We were certainly aware of the work that was being done and the views being expressed about the extension of the tax rebate system to the area of production of foreign television, and we expressed a broad position of support for that in policy terms.

Senator LUNDY—Does the AFC have a view about the extension of the scheme applying to only projects with a budget of more than \$15 million and the fact that the scheme does not allow production companies to package or bundle projects in order to make the \$15 million cut-off?

Mr Dalton—We have not taken a position that has addressed specifically those issues other than that we thought that the system should extend to cover the area of television production. That was our primary position. Therefore, in relation to the basic parameters which applied to the feature area, we understood that the proposal was to extend the coverage into television.

Senator LUNDY—Given that is a feature of the scheme, do you think that that is a flaw that means the federal government actually missed an opportunity with a growing and potentially lucrative element of the market?

Senator Kemp—Perhaps I could answer that. That really is a budgetary item. We were very pleased in the budget, Senator Lundy, to extend the refundable film tax offset to the production of television series. We did not include, as you correctly say, the bundling of multiple productions to qualify under the measure. This really makes our scheme very compatible with the New Zealand scheme. My understanding is that they do not allow bundling either. The logic for that is that we are really trying to attract to Australia things that would not otherwise be here. It is really aimed at that higher end of the market. I suspect that must have been the logic behind the New Zealand decision, and that is really part of the logic behind our decision.

From an employment, training and economic perspective, the impact of a handful of large-budget feature films and TV series we think is really much greater than that of several low-budget telemovies. There is always a judgment on these things, but I think this does increase the competitiveness of the Australian sector and it does meet the key demand of bodies like AusFILM.

Senator LUNDY—No doubt it helps us to catch up with New Zealand. But I guess the reason for the question is to explore the government's thoughts about the rationale of just level-pegging New Zealand rather than actually taking another step and presenting a further competitive opportunity for Australia.

Senator Kemp—There is always the argument that you can always increase government subsidies and government grants; that is true. The question is: what can you sensibly do within a budget context, what can you do to get the best bang for your buck and what is the policy objective? We think we met the key demand. The sector would have preferred to have both legs of that; that is true. I understand that. But, nonetheless, they were delighted that the government had moved on the film tax offset for TV series, and I think that was welcomed. I am not arguing the point, but the policy objective is to get things to Australia that might not have come otherwise. So it is really aimed at that higher end of the market.

Senator LUNDY—Minister, do you acknowledge that there are also issues at the lower end of the market?

Senator Kemp—Yes, and you deal with those in a variety of other ways. We were talking about offshore production here, and I think we have been pretty successful in attracting offshore production. The value of the Australian dollar is a significant element in that. The Australian dollar at 55c makes Australia more competitive than the Australian dollar at 78c. That has a significant effect. Clearly we have a floating dollar which both parties agree to, and that is one of the things the film industry has to take into account.

Senator LUNDY—Are you aware that AusFILM commissioned a report in 2003 which estimated that bundling in this way could attract between \$60 million and \$105 million?

Senator Kemp—AusFILM I think are doing an excellent job. AusFILM have been clearly very supportive of this initiative, and I think they were delighted with what the budget brought down. Yes, they would have gone further; that is true. I think AusFILM estimated that they felt that some four to seven bundles could be attracted to Australia and this would represent an additional cost to the revenue of between \$7 million and \$13 million per annum, I think their figures are. There is an argument whether it would have achieved that objective, and that is a valid debate. People have to work out exactly what the key public policy goal is, how we best achieve that, whether the mechanism we put in place works towards that. This is an important initiative in the budget. I think it will be seen to be a significant initiative. I welcome the response of AusFILM. If you tell me we did not go as far as AusFILM would have liked us to go, I agree with you.

Senator LUNDY—What does this change mean for the Film Finance Corporation? What is the impact on your organisation?

Mr Dalton—There is no impact.

Senator LUNDY—Obviously this is about bringing in offshore investment. But a truthful observation to make is that this initiative does not help boost the production of Australian films, does it?

Senator Kemp—This is specifically aimed at offshore; that is true. If offshore movies come to Australia, they employ a lot of people who are involved in the industry. I had a chance to visit the set of the movie *Stealth*. It is spending really a great deal of money in Australia. There was a difficulty, as you will be aware, in New South Wales when they tried to film in one of the state forests. I think the Premier, Mr Carr, was rightly very concerned about that, and so was I. It sent quite the wrong message. We want these big productions to come to Australia. It is very good for the marketing of Australia, it is very good for the employment of our people and I think it was a pity there was that hiccup—hopefully it was a hiccup—but it was a fairly costly one for the producers of *Stealth*.

CHAIR—Do we have any differential advantage over New Zealand as the location for offshore production like this or are we losing out to New Zealand?

Senator Kemp—The film tax offset makes us in that area directly competitive with New Zealand. There are many other factors that you would put in in determining whether Australia is more competitive than New Zealand. Equally, you have to consider the nature of the film, whether locations in Australia are better suited than locations in New Zealand. We are very keen to market the particular attractions of Australia. There is a huge variety of potential locations. Security is becoming a very big issue. Australia is seen to be a more secure place than other countries. It is a very competitive market out there and we have to work hard.

CHAIR—Yes, I understand that. Canada, New Zealand and Australia are all competing for the same pie.

Senator LUNDY—Mr Dalton, has the AFC been lobbying for any industry initiatives or extra funding to try to address the challenges facing the Australian film industry? Minister, I

am sure you are only too aware of the decline in that area. So what was asked for in this budget and what did not come?

Senator Kemp—Senator, again, nice try. The fact is that the AFC and the FFC are constantly lobbied and they are very effective at putting views to the government, and we appreciate their input. If you tell me that the AFC and the FFC wanted more, I guess the answer is everyone always wants more.

Senator LUNDY—I want to ask both Mr Dalton and Mr Rosen that question, so I reckon you should let them answer.

Senator Kemp—I am not sure that it is appropriate for—

Senator LUNDY—You are selective about who you suggest can answer. Some people you let answer and to others you say, ‘I do not think you should answer that.’

Senator Kemp—As you know, I do not direct officers. But these are matters between the government and the relevant agency, and general practice is they should stay there.

Senator LUNDY—But you and I know they would not be doing their job unless they were asking you for something. So let’s just hear what they were asking for.

Senator Kemp—Nice try, Senator.

CHAIR—I think we have covered this already today.

Senator Kemp—I do not think it is appropriate for officers to be put on the spot like that, Senator.

CHAIR—We are here to look at the budget and annual reports, not bids.

Senator Kemp—Rest assured that both those organisations have a very good policy perspective and we are in pretty constant discussions on issues relating to the industry and what the government may consider doing.

Senator LUNDY—So is there any initiative in the budget that will specifically assist the Australian film industry, particularly in light of the proposed changes in the free trade agreement and all of the associated and anticipated effects of that?

Senator Kemp—Of course the government brought down a significant film package a couple of years ago and that is now feeding through into the system. The government has not been idle in this area.

Senator LUNDY—No, but we have seen film production decline, for a whole range of reasons, and we are facing a free trade agreement which could potentially have a depressing effect on the capacity to produce Australian content.

Senator Kemp—I think that is not correct.

Senator LUNDY—It would have been timely to have a budget response to that.

Senator Kemp—That is simply not correct, and that is not the reason for any of the difficulties the industry is experiencing.

Senator LUNDY—Have the AFC responded, in the form of a submission to any of the parliamentary inquiries, to the concerns raised by various submitters and witnesses to the FTA inquiry?

Mr Dalton—We have not responded to those concerns as such, but we have certainly had a continuing dialogue with DFAT, with the FTA negotiators specifically, and with officers of our own department. We have had a very extensive dialogue throughout the whole process right up until the finalisation of the text in providing both advice and opinions about the nature and extent of the agreement and any potential impact it could have on Australia's ability to produce in its own cultural area. So, yes, that dialogue has been continuing.

Senator LUNDY—Since that text was released, have you made any formal representations to ministers about the likely implications, given a lot more information has entered the public domain since the text has been scrutinised far more widely?

Mr Dalton—We were involved in, as I said, ongoing discussion with our own department and also the negotiators—

Senator LUNDY—Once the text became available?

Mr Dalton—Yes, specifically on the text. We obviously took the text, looked at it very closely, analysed it and provided input into the process of finalising that text. So we met along with the rest of the industry in a formal process of consultation.

Senator LUNDY—A number of concerns have been expressed since the text was finalised and the document was distributed and the issues were subject to far greater public scrutiny. Have the AFC stayed engaged with the government perhaps arguing for refinements or do you actually think that the current text is hunky-dory and does not need changing?

Mr Dalton—Can I just clarify that the text was released and there was a process of discussion and consultation which went on around the text. We had input into that process. I think that, along with a whole lot of other input, there were certain changes to that text and clarification obtained about certain issues which we and other members of the industry were concerned about. So we sought that clarification. Since the text was actually closed off, locked down and signed off, we have not proceeded to have any further input because the text is locked off and agreed to. But right up until that we were very much engaged in that process.

Senator LUNDY—Are you able to provide to the committee the substance of your views or recommendations to the government during that process?

Senator Kemp—These are really between ministers and his advisers. What I can say to you is that the AFC were—

Senator LUNDY—Is an agency with a constituency it is representing in—

Senator Kemp—No, that is right. They provided advice to me, and I think you can assume that the AFC, as Mr Dalton said, kept themselves very much across the issues and very much aware of the concerns of the industry and were able to represent those concerns to government and deal with the quite complex issues which are involved. I do not propose to go

into the correspondence and the views that were put to me, but I thought they played a very constructive role. That would be my view.

Senator LUNDY—I put on notice a formal request for any documents—letters, correspondence or memos—of representations that the AFC made on behalf of the Australian film industry during that stage of discussion with the government. Have you made a submission to the inquiry by the Senate Select Committee on the Free Trade Agreement between Australia and the United States of America?

Mr Dalton—The text was made available and there was a period during which consultation went on around the text. Then, as I understand it, very recently the agreement was signed. In other words, the text was signed off. Can you clarify whether you are talking about that period when the text was made available for input and discussion?

Ms Williams—Are you talking about the legal scrubbing period?

Senator LUNDY—Yes, but while we are at it you can give me everything else as well.

Mr Dalton—This process has been going on for two years. There is a lot of material on the public record from the AFC where we made our position—

Senator LUNDY—Give me an index of what is on the public record and give me the full copy of everything that is not currently on the public record.

Senator Kemp—Senator, normally we would say ‘please could you give me’.

Senator LUNDY—Please. Thank you.

Senator Kemp—I do not think we should adopt an imperious tone like a minister might.

Senator LUNDY—I am just trying to get through placing a question on notice with efficiency. Please provide that information.

Senator Kemp—I am sure we can provide you with the information on the public record.

Senator LUNDY—Can I ask the Film Finance Corporation to do the same thing? You were not involved in the legal scrubbing process?

Mr Rosen—No.

Senator LUNDY—But you have made submissions and representations to government about the issue?

Mr Rosen—No. We joined with one or two items with the AFC, but we did not take a position on it.

Senator LUNDY—Have you made a submission to the Senate select committee?

Mr Dalton—No.

Senator LUNDY—Why not?

Mr Dalton—We felt that during the whole process we made our position very clear and it was on the public record, and we worked very closely with both the industry and the negotiators right throughout the whole process of the scrubbing of the text. We thought that was ample input from the Film Commission’s point of view.

Senator LUNDY—As far as the government is concerned, it probably is. I do not know whether the government neglected to mention this, but for this free trade agreement to be successful the associated legislation still needs to pass parliament and it is appropriate that the parliament has the opportunity to be exposed to as many different views as possible, including the views of the AFC as expressed to the government during its legal scrubbing process. Why? Because ultimately parliament will decide on the merits of that legislation. Indeed, many parties in parliament will have an opportunity to form their view based on the evidence received by that inquiry. Why did you reach the view not to make a submission to the Senate select committee, based on what I assume is a reasonably comprehensive understanding of parliamentary process associated with the FTA?

Mr Dalton—As an agency very concerned with the development of the industry and policy issues surrounding that area, we took the view that, during the process that the government was engaged in in pursuing a free trade agreement with the United States and actually developing the detail of that free trade agreement, we could play a very constructive role in providing advice and representing the interests of that area of cultural activity in Australia. We played that role right up until the agreement was locked off. We took the view that, once the agreement was locked off, it was government policy to pursue it and implement it and that our role and contribution was during the formulation of that rather than pursuing it beyond that. That was the view we took.

Senator LUNDY—I think it would be very useful to that Senate select committee to have the same sorts of views you expressed to the government during the legal scrubbing process also conveyed to the Senate select committee, and I ask you to reconsider that rationale and to make a submission to the Senate select committee.

Senator Kemp—We will take that question on notice.

Senator LUNDY—Obviously it has to be taken on notice.

Senator Kemp—I am just trying to be helpful, Senator.

Senator LUNDY—You have been very unhelpful. I am conscious of the time and the request that was made. I have a series of questions relating to the integration of ScreenSound and the Film Commission. We potentially have another full day and another half day or so to go, and I want to know whether it is possible to perhaps re-call the AFC perhaps tomorrow to be able to proceed through that business; otherwise, I am faced with the position of proceeding without the presence of Mr Dalton, which is certainly not my preference, albeit I am completely blackmailed by his reason to depart.

Mr Dalton—Sorry.

Senator LUNDY—I have no problem with that at all.

Mr Dalton—I think I would prefer to stay now rather than fly back to Canberra tomorrow, to be quite honest.

Senator LUNDY—It is a genuine dilemma for me, Mr Dalton. I think Mr Dalton has to go now to get his flight, but I still have —

Senator Kemp—His plane is at 4.50. If he left here at 20 past, if the car is waiting he will probably make it.

Senator LUNDY—I know what it is like, and it is a bit stressful.

Senator Kemp—Rather than getting him back—it is such a pain—why not spend the 20 minutes on the ScreenSound integration if you want to. Are you happy with that, Mr Dalton?

Mr Dalton—I am happy with that.

Senator LUNDY—Planes do not wait.

Senator Kemp—Senator, if you think you are able to finish ScreenSound in 20 minutes—

Senator LUNDY—I do not want the situation to arise where, as has happened before, I get, with all due respect, extremely long-winded answers which make it very difficult for me to get through my brief. I also put great priority on these issues, and I am sure everyone at the table is aware—

Senator Kemp—We will be very short-winded.

Senator LUNDY—I do not want to be rushed through it.

Senator Kemp—We will be very short-winded.

Senator LUNDY—I thought my very cooperative solution was to identify an hour perhaps tomorrow afternoon where we could return to the AFC.

Senator Kemp—But that means Mr Dalton has to spend another day down here.

Senator LUNDY—Yes, but he gets to spend the evening with his daughter, which I think is important.

Senator Kemp—Why not just spend 20 minutes dealing with the questions and then we can all go home?

Senator LUNDY—Because I do not think it can be concluded in 20 minutes.

Senator Kemp—Cut it out, Senator.

Senator LUNDY—I am happy to try.

Senator Kemp—Why don't you try?

Senator LUNDY—Okay, we will try.

Senator Kemp—I will try, you try and we will see how we go.

Senator LUNDY—Recently, in April, the International Federation of Film Archives has given notice that it is, for the first time in 40 years, reviewing the archive's membership status. Is this a direct result of the AFC's takeover of the archive and the consequent threat to its autonomy?

Mr Dalton—I do not think that is true, with due respect. I am not sure where you have got that information from. I actually attended a meeting of the International Federation of Film Archives in Hanoi in April. I spoke to the executive of that organisation. I met with the executive in Hanoi for about an hour to an hour and a half and spoke to them at length about

the process of integration which we were going through. I have had certainly no official information or notification that there is any such review along the lines that are you talking about.

Senator LUNDY—That is my understanding. Would you have expected to have been advised of such a review if it were taking place—

Mr Dalton—Absolutely.

Senator LUNDY—Or could it be occurring without your knowledge?

Mr Dalton—It is a membership organisation. I spoke very directly with the secretariat and the president of that organisation. The secretary-general of that organisation is in fact at the moment one of the acting deputy directors of the archive itself. So could I ask you with due respect where that information comes from? I am most concerned.

Senator LUNDY—That is what I have been advised.

Mr Dalton—By the executive of FIAF?

Senator LUNDY—If it is not the case, then we are obviously getting conflicting information.

Mr Dalton—I think so. If you seek the information from the executive of FIAF, you might find that there is a different response to the one that maybe you have received from somewhere else.

Senator LUNDY—That remains to be seen, and I will certainly seek that out. If that were to be the case, that is pretty embarrassing for the AFC and for Australia generally, isn't it, given the archive's previous standing?

Mr Dalton—I think you are proposing a hypothetical situation.

Senator LUNDY—I do not think we are going to be able to resolve that here, so I want to persist with the possibility that this is in fact occurring. The international federation, I understand, mandates a code of ethics on the basis of membership—that is, if you are a member you will abide by that code of ethics—and all members are committed to observing it. Does the AFC observe this code of ethics, and have you adopted it into your charter in whatever way you can?

Mr Dalton—The AFC does not have a charter as such.

Senator LUNDY—I do not mean that in the formal sense of the ABC charter but your corporate governance principles.

Mr Dalton—I am absolutely aware of the fact that FIAF has a code of ethics and expects its membership to adhere to that code of ethics. I am not aware, and have not been made aware in any formal sense, of any deviation from that code of ethics by any action taken by the AFC, any officer of the AFC or any part of the AFC.

Senator LUNDY—I am not suggesting that. If the code of ethics for the international federation is mandatory, does that not place an obligation upon the AFC to be bound by that code, and do you accept that you are bound by that code?

Mr Dalton—If the AFC is a member of any organisation and that organisation has a code of ethics which it expects its individual members to adhere to, then, yes, we are obliged to adhere to it for as long as we maintain a membership of FIAF. I agree with that. I am just saying I am aware of the code of ethics that FIAF has. I have looked at that code of ethics, and I do not see any deviation in our actions or programs we are operating or anything we are doing which gives rise to any suggestion that there is a deviation from that code of ethics.

Senator LUNDY—So that code would apply to all of the AFC as well as the ScreenSound component?

Mr Dalton—No, it applies to organisations which are running programs associated with the area of audiovisual archiving—or, in the case of FIAF, more specifically it tends to be film archiving.

Senator LUNDY—But would it not mean that, because the AFC has effectively subsumed ScreenSound, that obligation is placed on the whole of the AFC to adhere to that code?

Mr Dalton—The Film Commission is no different to many other members of FIAF, and the membership of FIAF is many and varied, and the institutional governance models which apply are many and varied. For instance, the audiovisual part of the Library of Congress is a member of FIAF. I do not think that FIAF would expect to have a set of ethics applying to the archiving of audiovisual material suddenly somehow or other apply to its book-lending library service activities. That would not make any sense.

Senator LUNDY—Just to clarify this, you see ScreenSound, or what was formerly ScreenSound, being bound by the code of ethics but not the other parts of the AFC that were not associated with ScreenSound previously?

Mr Dalton—Yes, basically. I think that code of ethics applies to the activities of archiving audiovisual materials. They do not in general apply to those areas of our activities which are about, for instance, funding professional development of short film makers. But I stress in that sense we are no different to the Danish Film Institute.

Senator LUNDY—Could you take on notice what your formal understanding is of your obligations as a member of FIAF, particularly in relation to ScreenSound being a subset of the AFC and this issue of whether or not all of the AFC would under the rules of FIAF be bound?

Mr Dalton—Okay.

Senator LUNDY—Is there anything in the legislation governing the merger to prevent ScreenSound remaining intact and reporting directly to the AFC board with its director having equivalent status to you?

Mr Dalton—I do not quite understand the question.

Senator LUNDY—Going back to the legislation governing the merger, is there anything in that legislation that could prevent ScreenSound from remaining intact and reporting directly to the AFC board with its director having equivalent status to you as the CEO of the AFC?

Ms Bean—As far as I understand it, and I do not have the legislation in front of me, the legislation provides for one CEO of the organisation.

Senator LUNDY—So my next question is: is there anything in the legislation that prevents ScreenSound from remaining intact and reporting to the CEO or perhaps the next highest level of management?

Ms Bean—If my memory serves me correctly, I do not think that is specifically dealt with.

Mr Dalton—The legislative changes which have occurred have introduced into the AFC's legislation certain functions and certain responsibilities relating to Australia's audiovisual heritage. They are functions, along with a list of other functions, that are legislative imperatives and obligations which have to be taken on by our commissioners and by the CEO. You have raised this word 'intact'. First of all, the archive is intact. A governance process is in place which relates to the act, the role of the CEO and the role of the commission. There is a governance process in place, and there are reporting mechanisms in place.

Senator LUNDY—How would you refute the argument that the structural changes you have made are aimed specifically at subsuming the archive into the AFC?

Mr Dalton—Let us be clear that the functions of archiving Australia's audiovisual heritage are for the first time legislated functions. Up until 1 July last year they were in fact not even legislated. So some would suggest that is a fairly dramatic improvement.

Senator LUNDY—The observation that has been made—and I am giving you the opportunity to respond to it—is that what was once considered a major public institution has been subsumed into this role of being a branch within the AFC and that that does not actually do justice to the role that the organisation or the institution plays and does play.

Mr Dalton—With due respect, it is a very particular interpretation of history. Up until 1 July last year what you have just described as a major national institution was in fact a section within the Department of Communications, Information Technology and the Arts. The director of that part of the department in fact reported directly to the secretary of the department. The financial arrangements et cetera were all in fact caught up within the department. So it was not an independent organisation in any sense. There was no statutory authority with regard to the functions that were being carried out.

Senator LUNDY—I appreciate that.

Mr Dalton—I am trying to answer your question because inherent in that question is a hypothetical notion that this was a major national institution which stood alone, which had some degree of autonomy and which has suddenly been—

Senator LUNDY—Maybe that is a positive reflection on the way it was managed within the department as opposed to the way it is now managed in the AFC. Maybe that is part of my point.

Mr Dalton—The department will have to respond to that. I would suggest that was not the case. There are statutory obligations which apply to the Australian Film Commission, its commissioners as individuals and the chief executive of that organisation. There are statutory obligations. The entity which was previously the National Screen and Sound Archive remains intact. In governance terms, it is now a part of the Australian Film Commission, and its identity and its functions remain absolutely intact. Nothing has changed.

Senator LUNDY—I would like to go now to staff positions in administration. Has a director for the archive been selected?

Mr Dalton—No, not yet.

Senator LUNDY—When will it occur?

Mr Dalton—That process is in train.

Senator LUNDY—What is the anticipated time line for that process to be concluded?

Mr Dalton—It is not possible for me to say that at the moment. We have been through a process of interviewing, and there is a process of final consideration coming out of that.

Senator LUNDY—So when do you think it will be filled?

Mr Dalton—I am really not in a position to give you a time on that at the moment.

Senator LUNDY—Mid-year, December?

Mr Dalton—I really cannot say. We are in the process of final considerations as a result of deliberations by the interview panel.

Senator LUNDY—It has been nearly six months now. How long has it been since you have had a director?

Mr Dalton—Since we interviewed?

Senator LUNDY—No, since there has been a director.

Mr Dalton—The director resigned in May last year.

Senator LUNDY—So 12 months. How many of the 10 senior managers who were given notice back in December have since, for whatever reason—perhaps taken the hint—decided to leave anyway?

Mr Dalton—No-one was given notice in December last year.

Senator LUNDY—I knew you were going to say that, and I know you have challenged that. But, as I have said to you previously, that is what I was specifically advised.

Mr Dalton—It could, with due respect, be a little like what you were advised about FIAF and their positions as well.

Senator LUNDY—How many have left?

Mr Dalton—Of whom?

Senator LUNDY—Of senior managers.

Mr Dalton—I would have to take that on notice. You are saying 10 senior managers?

Senator LUNDY—No, I said of the 10 how many have left?

Senator Kemp—It may be best if we take that on notice.

Mr Dalton—It would assist if I knew what positions were being referred to.

Senator LUNDY—I am referring to them as senior managers.

Mr Dalton—I think you are talking probably two people.

Senator LUNDY—Are you aware of any others who are contemplating leaving?

Mr Dalton—Not that I am aware of, no.

Senator LUNDY—Do you think this reconciles with your claim that the archive is not losing its collective knowledge and memory as a result of this process?

Mr Dalton—Absolutely.

Senator LUNDY—It seems to me to be a contradiction, but we will let that comment stand.

Senator Kemp—You wanted short answers, Senator, and you are getting them.

Senator LUNDY—Yes, that is good. Why has the head of IT position been moved to Sydney despite your public undertaking on 17 December that no senior management—

Mr Dalton—It is a new position. It was felt that we are bringing together two IT systems which in fact operate on two different platforms and all sorts of other associated difficulties.

Senator LUNDY—So it is a new position, a new head of IT on top of the old head of IT?

Mr Dalton—No, it is a new head of information technology services across the whole organisation.

Senator LUNDY—So the former head of information technology services stays here in Canberra?

Mr Dalton—There was a head of IT in the—

Senator LUNDY—He is just not the head anymore; he is the 2IC?

Mr Brown—The corporate services review actually put that in the technology services area. Prior to the integration, the AFC had a technology services unit based in Sydney and the archive had a technology services unit based here in Canberra. That not only did technology service but also was heavily involved in their MAVIS system and also digitisation. One of the outcomes of the corporate services review was splitting the MAVIS and digital area away from the main technology services area, and the MAVIS and digital area continues to be part of the archive here in Canberra. It is headed by the previous acting manager of their technology services section which was based in Canberra. A new manager of technology services has been appointed to oversee the technology services section which now forms part of the corporate services branch.

Senator LUNDY—So it is just a play on words. When you said that no senior management positions would be moved out of Canberra, you just created new senior management positions in—

Mr Brown—We advertised that position to be based in either Sydney or Canberra, subject to the preferred location of the successful applicant. We really wanted to get the best candidate for that position because they have a tremendous role and job ahead of them, and the successful applicant was in Sydney.

Senator LUNDY—That the applicant came from Sydney was the basis for moving it to Sydney?

Mr Brown—We wanted the best person for the role.

Senator LUNDY—So you did not worry about your commitment that senior management positions would be—

Mr Brown—The position was never moved from Canberra. The position is still in Canberra.

Senator LUNDY—But you created a new one. The head of IT in Canberra had a new boss, didn't they, as a result of this change? They were no longer the head of IT. They were 2IC of IT or the head of IT in Canberra.

Mr Brown—They are actually not part of technology services at all. They are the head of the MAVIS and digital section.

Senator LUNDY—No wonder there is cynicism about this whole process. What are you doing to respond to the damaging comments of the archive's previous head of IT?

Mr Dalton—We are not doing anything specifically.

Senator LUNDY—You are ignoring them?

Mr Dalton—You would need to make me aware of the comments you are referring to.

Senator LUNDY—I do not have time now. You should be grateful.

Senator Kemp—Senator, it is 4.20. If Mr Dalton wants to get home, he had better make a move.

Senator LUNDY—I would like to continue questioning other officers, but Mr Dalton may be excused.

Senator Kemp—Mr Dalton, you are excused. How many more questions do you have, Senator?

Senator LUNDY—I have quite a few more questions.

Senator Kemp—All right, he will miss the plane. Do not worry. He will miss the plane.

Senator LUNDY—You are going to miss the plane?

Senator Kemp—Yes, he will miss the plane.

Senator LUNDY—It is your choice. I am happy for Mr Dalton to leave.

Senator Kemp—No, Mr Dalton is the person in charge of this, and he quite rightly feels that he should be taking the key running on it and he will do it.

Senator LUNDY—I am absolved of responsibility for it because I am happy for him to go.

Senator Kemp—No, Senator.

Mr Dalton—It is fine.

Senator Kemp—No hard feelings, Senator.

Mr Dalton—It is my choice.

Senator Kemp—We tried to strike a deal. It did not work. That is all.

Senator LUNDY—As I said, I was effectively blackmailed.

CHAIR—Let us just all bring this back to basics and get on with the issue and deal with it.

Senator LUNDY—Palm Consulting are presently undertaking a changed management review of the AFC. What are the findings of this review and will they be published?

Mr Dalton—No, they are not undertaking a review. They have been employed to work with us to simply facilitate the bringing together of two organisations. They are involved in running some workshops amongst senior managers and assisting in developing some of the new governance procedures that need to be put in place for this new organisation. But they are not conducting a review, no.

Senator LUNDY—Will they be producing advice or a document and providing that to the AFC?

Mr Dalton—They have produced advice from time to time to me in terms of suggesting that we organise a meeting of all senior managers to discuss certain things. They have produced advice like that.

Senator LUNDY—Do you need to pay someone to give you that advice?

Mr Dalton—But they have been facilitating those meetings. They are people who are expert in this and well known within Canberra, I think, for doing it very successfully with a number of very significant cultural organisations, and they have been assisting me in that process.

Senator LUNDY—How much is that consultancy costing?

Mr Dalton—I think we have that figure. I thought we actually provided that figure to you as part of an answer to a question on notice. I have seen it here in my briefing notes somewhere. We have paid \$67,833 to Palm as of 25 May this financial year.

Senator LUNDY—Is that consultancy continuing or has it now concluded?

Mr Dalton—No, that is continuing.

Senator LUNDY—So is that all the money that you will be paying them or is there another payment to go? What is the total cost?

Mr Dalton—They will continue to work with us, so there will be further fees to be paid to them.

Senator LUNDY—Perhaps you could take on notice to provide the full cost of that consultancy.

Mr Dalton—On an ongoing basis or when we eventually finish with their services?

Senator LUNDY—I will try to remember to ask it next time, if I am on this side of the table; otherwise, I will pass a note to Senator Kemp.

Mr Dalton—We will come next time with that information, ready to answer.

Senator Kemp—Live in hope, Senator. It is what you have said before every election, and you are still there and I am still here.

Senator LUNDY—The AFC's stakeholder forums held in February were generally highly critical of the AFC directions and the associated recommendations, so much so that the Melbourne forum apparently voted for the archive to be split from the AFC. Do you think that is a fair characterisation of those forums or did you take away with you a different interpretation?

Mr Dalton—I think a whole series of opinions across a range of issues were expressed during those forums which were held—two in Canberra, one in Melbourne, one in Sydney and one in Brisbane. A variety of opinions were expressed across a number of issues. For instance, the Indigenous issue was raised regularly in virtually all the forums, and certainly Indigenous representatives applauded the AFC for its proposals. Other people, particularly here in Canberra, for instance, were opposed to our proposals on the Indigenous initiatives that we have proposed. So some varieties of opinions were expressed about the proposals. Yes, in Melbourne somebody said, 'If a vote were taken now, how would you vote?' and, yes, most people stuck up their hand and said they would like to see the archive as a statutory authority.

Senator LUNDY—You did not put your hand up, I take it?

Mr Dalton—No, I did not. But I do not know that I was asked to vote.

Senator LUNDY—In answers to questions on notice the AFC stated that 'information from the external stakeholder meetings is in the process of being summarised and analysed'. Who is conducting this analysis, when will the results be made available to stakeholders and when will the AFC respond to those results?

Mr Dalton—A process of looking at and consolidating the various responses that we have had from various stakeholders is being conducted by a senior member of staff at the archive.

Senator LUNDY—Who is that?

Mr Dalton—It is being done by Kate McLoughlan. She is a senior manager at the archive. That will form part of the process of consideration that the AFC is going through in looking at various issues.

CHAIR—The minister has suggested we have a coffee break for 10 minutes at about half past. We might accommodate that.

Senator Kemp—Let us just get a feeling. How long will it take you to finish this, Senator?

Senator LUNDY—I have a couple more questions on consultation. Then I have some questions on the board and some questions on the advisory committee.

Senator Kemp—Can you give us a forecast of when you think you will finish that?

Senator LUNDY—Ten minutes, if we keep moving.

Senator Kemp—All right, 10 minutes, and then we will have a coffee break.

Senator LUNDY—In addition to those stakeholder meetings and that process of analysing the responses, you have obviously been receiving submissions. Are they part of that same analysis exercise being performed by senior staff?

Mr Dalton—They are the core to the analysis, yes. We have received all the submissions. They are all available on our web site for anybody who wants to read them. But we have had an officer of the archive actually reading them all and attempting to provide a summary and some sort of analysis of them.

Senator LUNDY—Is that summary and analysis available, and can you provide that to the committee?

Mr Dalton—No, it is not at the moment. That is an internal document. But all the submissions are available on the Web, so of course anybody else who wants to go through that process can avail themselves of them.

Senator LUNDY—I am particularly interested in the analysis, so can I formally request that document be provided to the committee?

Mr Dalton—It is a summary of them, and it is an internal working document that is being prepared by—

Senator LUNDY—I promise you I would find it incredibly interesting. So can you take that question on notice?

Mr Dalton—Sure.

Senator LUNDY—If you believe you have grounds for keeping it internal, I suggest you go through the normal procedure and stake your claim.

Mr Dalton—Of course.

Senator LUNDY—Because we will be challenging that if you try to keep it confidential.

Senator Kemp—Senator, always consult with the minister, who will provide you advice on those things.

Senator LUNDY—I know, Senator Kemp, if you had your way you would make all this documentation immediately public.

Senator Kemp—I am that sort of person, Senator. I always adopt a constructive approach.

Senator LUNDY—Perhaps you can encourage Mr Dalton.

Senator Kemp—Except where I think that they are not appropriate to be made public.

Senator LUNDY—What is the process that will follow your receipt of this particular piece of analysis? What happens next?

Mr Dalton—It just forms a part of a process that we are going through, on the one hand, to ensure that the integration proceeds and is effective and efficient for both organisations to continue to operate the programs they operate but, on the other hand, to provide some background and information with regard to a number of proposals we have made about the future programs of the archive. So it just assists us in that process. We have made the

statement, and I make it again, that we will not be making any major decisions about the proposals put forward in our directions paper until we appoint a new director. So a lot of this work is going to go on and will form the background information provided to a new director when they come on board.

Senator LUNDY—To what degree will it be shared with the board of the AFC and be there to provide them guidance as to what the community stakeholder response has been to the change?

Mr Dalton—The board has participated quite actively in this whole process. First of all, obviously the board was aware of the papers that have been prepared and made public. The board is aware of all the public submissions that have been received. Members of the board attended each of the public consultations. The board will absolutely be made aware and will engage in and be part of any decision-making process that involves implementation of proposals that are contained in that directions report and any significant structural changes that may arise.

Senator LUNDY—So the bottom line is that all of that consultation could result in no change or no specific activity could result from it whatsoever?

Mr Dalton—Change has to occur. The two organisations have been brought together, so obviously there has to be some change. I think the constituency, including those who have made submissions and who attended those forums, have requested a whole range of change. This will be addressed, and I think it is highly likely that some change will occur.

Senator LUNDY—Just going to what sort of change could possibly occur, why has the AFC board not been changed to reflect the new reality that half the staff and budget of the AFC are now represented by the archive?

Mr Dalton—I am sure this is an area where the minister could comment, but—

Senator LUNDY—Perhaps I should direct that question more appropriately to the minister.

Mr Dalton—If the minister will allow me, I would still like to comment on it because it is a question I am constantly asked. One of the answers I always give is that it is a minister's prerogative to make appointments to our board. It is not my job as CEO to make appointments to the board. We have had changes to the board since the integration was announced. We have two people appointed to the board, and both of those appointments I personally applaud. I think they assist the AFC to do its work as it is now the custodian of Australia's audiovisual heritage.

One of the new members of our board is Dominic Case, who is a highly respected member of our technical fraternity with regard to audiovisual work in Australia inasmuch as he is head of technological services at AtLab. He has been centrally involved, for instance, in the whole restoration project surrounding *The Sentimental Bloke*, which we will be launching in Sydney in a few weeks time. Mr Case has been centrally involved in that work. Mr Case has also been centrally involved in the work that has been conducted with the archive along with AtLab and Kodak in the restoration of some 50-odd prints from Australia's production in the 1970s and

1980s. Mr Case has been centrally involved in all that work and comes with a high level of credentials.

The other person who has been appointed to our board is Mr Paul Grabowsky, who is known both nationally and internationally for his contribution to the area of sound. I think he brings an enormous level of expertise, interest and passion to the area of sound, which for the AFC is a new area specifically for it to deal with.

Senator LUNDY—Notwithstanding the fine credentials of—

Senator Kemp—Mr Dalton, I thought you answered that very well. Those were two appointments that were made specifically with ScreenSound in mind.

Senator LUNDY—You made those appointments, did you?

Senator Kemp—Yes, I made those appointments.

Senator LUNDY—And you are congratulating yourself for making fine appointments?

Senator Kemp—I was congratulating Mr Dalton on the explanation that he gave.

Senator LUNDY—The fine articulation of those appointments.

Senator Kemp—I thought he did very well, but I too am prepared to take some flowers for that, Senator. I notice you have not attacked them and said, ‘These are political appointments again. Have you played golf with these people?’

Senator LUNDY—I was going to ask, without wanting to be misinterpreted, whether either of them have any specific archive experience.

Senator Kemp—Dominic Case, I understand, has some experience in film restoration.

Senator LUNDY—Obviously he has restoration expertise. But archive and archive management—

Senator Kemp—That is sort of important, isn’t it?

Senator LUNDY—I am not challenging his credentials in his field. I am simply asking whether those appointments have archive experience.

Mr Dalton—Can I for the sake of the record put on record that Mr Case has enormous experience which is absolutely relevant to the operations of an archive. He is in charge of technical services, technological services, at AtLab.

Senator LUNDY—I am not challenging that, Mr Dalton.

Mr Dalton—He absolutely understands issues about preservation, storage and the history and uses of film stock. I would like to point out that ASRA, the Australasian Sound Recording Association, in fact asked Mr Case last year, prior to his appointment, to give the keynote address about the whole history of sound as it applies to film. He gave a most elucidating address, which I happened to have the honour of listening to, about the whole history of sound and sound film since the 1930s. So I think he is highly and eminently qualified.

Senator LUNDY—I am sure he is.

Senator Kemp—The only gap in your explanation, which I said was very good, was you could have drawn our attention to Bruce Moir, who of course at one stage was in charge of Film Australia, which itself has a very extensive archive.

Senator LUNDY—Who was that?

Senator Kemp—Bruce Moir.

Senator LUNDY—There are two vacancies on the board at the moment, aren't there, Minister?

Senator Kemp—There is a vacancy. I would expect to make an announcement fairly soon in relation to that vacancy.

Senator LUNDY—Are you going to use the opportunity to appoint solid archival expertise?

Senator Kemp—I do not want to pre-empt the appointment, but I think even you will endorse this appointment, Senator. In fact, I would be astonished if you criticised this appointment. I expect to get from you an email saying, 'Congratulations, Senator Kemp, on another good appointment.'

Senator LUNDY—You would not know how to open it.

Senator Kemp—I would always be warned about opening your emails. There is a special warning which comes up on my machine.

Senator LUNDY—That is not very nice.

Senator Kemp—A Labor virus could be attached to it, so I have to be very careful.

CHAIR—A cookie.

Senator Kemp—Senator, you have two minutes to finish.

Senator LUNDY—You have just spent five singing the praises of board members, which is well and good, except it was not the question I asked. I did not ask about the credentials of your recent appointments. I asked whether any of them had specific archive experience. I understand that the interim archive advisory committee will meet for the first time on 2 June. Why were the membership and terms of reference listed in the invitation letter lifted directly from the directions paper?

Mr Dalton—Sorry, why was the list of people in the invitation letter—

Senator LUNDY—Why were the membership and terms of reference listed in the invitation letter lifted almost intact straight from the directions paper, giving the impression, Mr Dalton, that nothing had really changed between December and the issuing of those invitations?

Mr Dalton—One of the things that have been said to us by quite a lot of people is that we should do something sooner rather than later about some formal process for advice, which is why I have decided to convene this panel on an interim basis. We have had very little feedback on the membership of the interim advisory panel from most of the people who have responded. The main thing to stress is that this is convened on an interim basis until we put a

director in place and make a final decision about the nature of that committee. We just felt it was important to put in place sooner rather than later some sort of formal process for an advisory panel, but it is not set in stone.

Senator LUNDY—Why were obvious organisations like the professional associations of archivists, museums, librarians et cetera omitted from the invitation list?

Mr Dalton—This is one of the issues that have come up through the whole consultation process. The final decision about this will be made at some stage in the future, and the new archive director will have input into that decision. The answer I have given in response to that question, which has been asked of me regularly, is that we have attempted to identify the direct and specific stakeholders and people who have a direct and particular interest in the actual operations and work of the archive. If you look at the membership that we have invited, you will see that that explains the rationale behind choosing that group of people.

I do not believe it extends to inviting people from professional associations who have a professional association with the work of the archive rather than with the actual content or the programs of the archive. But, as I say, that is my view at the moment. It is an interim view and it informs the decision we have made about whom to invite to that meeting. It is not the final view. The final view will be ultimately taken by the commission in consultation with me and the new director of the archive.

Senator LUNDY—How often will this interim committee meet, and who will chair it?

Mr Dalton—I think that will be one of the things which will get discussed when it meets within the next week or two. I would have thought that possibly meeting initially on a quarterly basis would be reasonable. I think in the paper we suggested six months. Most people seem to think that is not enough. From the point of view of an advisory committee, possibly quarterly might be a—

Senator LUNDY—I understand that some sort of sitting fee or fee for participation is not being paid for this advisory committee but the previous committee, the ministerially appointed advisory council to the archive, did have a sitting fee and higher status associated with the appointees. Doesn't that drop in status really sum up what is happening at the archive? What is your response to that?

Mr Dalton—My response to it, predictably, is completely to disagree with it. My understanding of that interim advisory group was that it was interim because in the longer run, when and if it had ceased to be interim, it would have had some sort of governance role. In fact it did have some sort of governance role within the context of the archive existing within the broader context of the department.

The advisory panel that the Australian Film Commission will be convening will not have a governance role; it will have an advisory role. I do not believe that sitting fees are appropriate. The AFC has agreed to resource the committee and that the meetings should be held in Canberra, and it will fly people to Canberra. We have advisory committees in other areas—specifically, for instance, in the co-productions area. We do not provide sitting fees.

Senator LUNDY—So the archive is analogous to the co-production area under the structure of the AFC?

Mr Dalton—It is in terms of industry groups providing advice about policy and operational issues. The governance body that is in charge of the archive is in fact the commissioners, who are appointed by the minister.

Senator LUNDY—Who ultimately controls the archive's collection?

Mr Dalton—Ultimately it is controlled by the commission, in pure governance terms. But in actual day-to-day operational terms it is controlled by the management of the archive, which fundamentally remains the same now as it was some time ago.

Senator LUNDY—But ultimately it is the board, isn't it, or the commissioners?

Mr Dalton—They have ultimate statutory responsibility and obligations under the act for it.

Senator LUNDY—What strategies do you have in place to try to restore confidence in people wishing to donate to the archive, given that a lot of the controversy surrounding the changes has created an impression that the commission, the management structure of the archive, is now obviously being handled not only by the AFC board but also by people who are not particularly well versed in archival background and experience, and indeed may not be subject to any code of archival ethics?

Mr Dalton—First of all, there is no evidence whatsoever that there has been any shift in the donation of materials to the archive.

Senator LUNDY—But there has been discussion about that. I have certainly seen feedback to the review that says, 'What happens now if we want to donate? What are the ethics that will govern those donations?'

Mr Dalton—Yes, but I think it is very important to distinguish between assertions made by people who have lots of opinions and what actually happens in fact, and in fact there has been no change to the level of donations to the archive—none whatsoever.

Senator LUNDY—So you do not feel you need to respond to these concerns?

Mr Dalton—Yes; we respond all the time. I am just saying there has been no change to the level of donations. We deal as best we can with various assertions made by people, and we certainly continue to operate by what would have to be considered a reasonable set of ethics and obligations relating to Australia's audiovisual history.

Senator LUNDY—Minister, the report of the cultural institutions review has never been released—you have kept it confidential—yet that report ostensibly led to this merger taking place. We heard other evidence today of other initiatives in the storage facility born out of the cultural institutions review. I ask you again to release the report of the cultural institutions review which led to all these changes so that the parliament and, through it, the public can get an understanding of the agenda that has been played out over a number of years within our national cultural institutions.

Senator Kemp—This was a budget document. It was used for the preparation of a budget. Governments of all shades do not release budget documents. If you can produce a precedent for me that occurred under your government, I would be surprised. I do not believe there is such a precedent. It is not my intention to release it. The explanations for all these things are argued out as initiatives are taken. We have had very extensive discussions on ScreenSound and the bringing together of ScreenSound and the Australian Film Commission. We have had hours of discussion at Senate estimates on this issue. These things are explained.

Senator LUNDY—I have finished now, so Mr Dalton can go.

Senator Kemp—Mr Chairman, I make the point that very senior people have flown here from interstate. Some of them have spent all day waiting to come on. There must be a better way to organise this, to be quite frank. I have raised this issue before. I think the situation has got worse, not better.

Senator LUNDY—That is so not true.

Senator Kemp—I think it is so true. When I go into the other room I see senior officers from major government agencies. I look around this room and I see them. They have been waiting here all day.

Senator LUNDY—As you did when you were in opposition.

Senator Kemp—My view is that we should arrange this in a better way. If we are going to have somebody here, surely we can say, ‘You are going to be on in the afternoon,’ and surely we can keep to that.

Senator LUNDY—Can you have this rave in a moment, after Mr Dalton goes? If anyone has a case to leave now, he probably has.

Senator Kemp—I do not think the ‘Mr Dalton catching a plane’ issue is your strongest card to play. Thank you, Australian Film Commission.

CHAIR—Under the previous minister, Richard Alston, the way these estimates worked was that there was a time made available. How the questioners used that time was their business, but the time was finite. It is really up to the people who are asking questions to exercise discipline and focus in the matters they are searching and to run within the time schedule.

Senator Kemp—The time is finite; that is true. But we have had people here all day; people have made arrangements. Senator Lundy, I have to put it to you that somehow you have to be able to organise these times better.

Senator LUNDY—Thank you, Minister. Can I just remind you—and I know you understand this and are not trying to lay blame at my feet—that if you take away the blow-out that occurred yesterday with respect to elements of the Communications portfolio, had we concluded IT last night I would actually be on track and it would now be 3 o’clock, not 5 o’clock, in this program, which is precisely where we ought to be up to in the program.

Senator Kemp—But the blow-out is your blow-out. It is not our blow-out.

Senator LUNDY—Please do not level at me the assertion that I am not sticking to the program—including you, Chair. This blow-out occurred yesterday for a whole range of reasons, including the extensive participation by government senators in the estimates process.

Senator Kemp—What absolute rubbish.

Senator LUNDY—In some cases, Minister, you are entitled to have a bit of a bleat, but not this time.

CHAIR—Every senator is entitled to ask questions. The time allocated is from 9.00 to 11.00. These estimates run for four days. How the questioners organise their time is their own business.

Senator Kemp—The blow-out occurred because Senator Faulkner wanted to come in and grandstand and take up an eternity by asking the same questions 10 times. That is what really happened. We got the same answers 10 times. So everyone is now waiting. If the Labor Party wants to use its time in that way, that is up to the Labor Party.

Senator LUNDY—No, I am not even referring to that. Several other senators who it was not anticipated would participate participated yesterday afternoon, and you know it.

Senator Kemp—All I am saying is it is discourteous to senior members of the Public Service to treat them in this fashion.

CHAIR—We will have a break now and discuss this matter later.

Proceedings suspended from 4.53 p.m. to 5.16 p.m.

Australian Film Finance Corporation

Senator LUNDY—I understand that the Film Finance Corporation has been out on the road seeking the film and television industry's state by state response to the new draft funding guidelines for 2004-05. Can you outline the proposed changes for the committee and the feedback you have had to date from this process?

Mr Rosen—The nature of changes to the guidelines is that in feature films we are no longer just doing a marketplace store; we are also looking at evaluating projects. In the past the FFC was the last financier to come into a film. A producer would go and get the various marketplace deals together and then come into the FFC to get the rest of the funding. If guidelines were met, they got the money. The feeling was that there was a seachange happening throughout the world with independent films.

One of the things the FFC were looking at was not just to have a marketplace store but also to do a valuation whereby we would look at the projects holistically rather than just at the deals, the quality of the project and what the audience reach might be thereby helping emerging filmmakers. We take a holistic approach on feature films.

In children's television we also looked at an initiative to put \$2.5 million of our allocation towards doing an innovative children's fund. We are looking at doing programs that are predominantly or distinctively Australian. We are finding with a lot of children's programs that they need a lot of funding from overseas. That may in some way affect the vernacular we

use on shows that might be purely for Australian children. So we put \$2.5 million aside to fund two 13 by half-hour series. The major change with documentaries is that we have set aside \$750,000 to do five innovative documentaries—that is outside broadcaster funding. Those are the major changes in the guidelines.

Senator LUNDY—You mentioned that there is a sea change happening in the film industry about how you assess films. Does that introduce a much higher level of subjective analysis into the FFC's decision-making process around which films to support?

Mr Rosen—Yes.

Senator LUNDY—How will you manage that—for the obvious sensitivities and reasons?

Mr Rosen—We are looking at taking on two specialists. They will come in and do an overview of the projects submitted and put forward a recommendation to the board.

Senator LUNDY—What will their specialisation be?

Mr Rosen—They will have a firm grasp on how to read a script, look at the overall content of the project and understand distribution both in Australia and overseas.

Senator LUNDY—What guarantees or safeguards are in place to ensure that these specialists do not, by virtue of their own personal preferences and biases, inadvertently impose some form of cultural censorship or preference that is undesirable and that impinges upon the creative process of the filmmakers themselves?

Mr Rosen—If you look at all the funding bodies at the moment, there are people making subjective viewpoints. What is going to happen with the FFC is that, yes, there are going to be two people with subjective viewpoints. The brief is that they will take, as I said, a holistic approach to it. I think anybody looking at any project is always going to have some sort of subjectivity that will come into that process.

Senator LUNDY—Will these two specialists be on the FFC's books?

Mr Rosen—Yes.

Senator LUNDY—I could spend the next hour asking you questions about how you would ensure against any undesirable outcomes of this process, but I suspect you will not be able to say anything different other than, 'Of course it's subjective' and that you will try to maintain quality and diversity.

Mr Rosen—The process has checks and balances. You have the two people in there in consultation with the industry. I was aware that people might be concerned that people get appointed who they feel might have a bias. The idea was originally put forward that we would only appoint people for a year. The industry as a whole said that it should be for a longer period. So in the guidelines we are now saying that it should be for a two-year period with an option to renew if they are performing. Those two people will report to the CEO and, in turn, they will also be presenting to the board. Ultimately, the board will have the final say. So there are crosschecks there to make sure that due process has been adhered to.

Senator Kemp—I think we need to do a bit of housekeeping.

Senator LUNDY—You are wasting so much time on housekeeping. If you would just let me get on with my questions.

Senator Kemp—We only waste time on housekeeping because you are so tardy. Mr Chairman, there is a huge build up—

Senator LUNDY—Chair, that is unfair.

Senator Kemp—I am speaking, Senator. There is a huge build up of various institutions waiting to come before this committee. I want to make sure that this can be managed in the course of the evening. I do not see any sign of discipline from Senator Lundy for having this process properly managed, so I think that you, Mr Chairman, are going to have to take some control.

CHAIR—We do have a lot of programs to get through, that is true. We still have quite a few arts programs, and then we have the whole of the sports program plus DCITA output 1.2 and output 1.1.

Senator Kemp—I am wondering whether any of these organisations can now be dismissed, because clearly we are going to find it very difficult the way the questioning is proceeding.

Senator LUNDY—What is your availability tomorrow morning?

Senator Kemp—There is another minister flying down tomorrow morning from Queensland, I suspect, or somewhere to deal with the environment.

CHAIR—Yes, tomorrow is the environmental program.

Senator Kemp—This is the program. The program was set. You know what the rules are: the program is set and frankly, as always, there is a carelessness in keeping to the program. I think that now, Mr Chairman, you have to make sure that everyone understands exactly where we are, who is likely to be called and when. People have flown down from Sydney today and have been waiting all day to be called and there is no sign that they will make it—tonight or ever, actually. It is a gross waste of public funds. It is quite a scandal, to be quite frank. And now I think you have to take some control.

CHAIR—What programs do you wish to have called tonight, Senator Lundy, because tonight is all we have available?

Senator LUNDY—It depends when the minister can make himself otherwise available. I am happy to defer some programs to Friday morning.

Senator Kemp—No, we are not deferring to Friday. It might suit you; it does not suit me. You happen to be in Canberra. I do not live in Canberra. It does not suit me. The program was set to finish in these three days. We have had plenty of time. You have wasted heaps of time. We are not wasting any more time.

Senator LUNDY—You are wasting time now. With due respect, we are allocated a spill-over day if the program pushes out. I am saying to you if the Minister for the Environment and Heritage is set to appear tomorrow—which I do not have a problem with—you are required to attend the spill-over day to finish the arts and sport program—

CHAIR—Spill-over day is for spill-over; it is not for routine estimates.

Senator LUNDY—This is not routine. We have run over our time allocation for a whole—

CHAIR—What it means is we have not—

Senator Kemp—No, you have run over your time; no-one else has. You have driven this. You have run over your time. You have insisted that everybody wait around—

Senator LUNDY—That is not true—

Senator Kemp—to listen to inane question after inane question.

Senator LUNDY—and it does not matter anyway.

Senator Kemp—Frankly, this is quite outrageous, and I think this matter has got to be resolved. We should finish the program tonight. We should indicate to those people that are here whether they are going to be called or not. Frankly, Senator Lundy, out of courtesy to these institutions and these individuals, that is exactly what you should do.

CHAIR—We have to—

Senator LUNDY—Excuse me, Chair. I think we should have a private meeting at the dinner break to discuss this—

CHAIR—We will do that.

Senator LUNDY—because the minister is clearly trying to intimidate you as chair and to bully the committee.

CHAIR—No, he is not.

Senator LUNDY—Can I finish, Chair?

CHAIR—You made a comment; I will make a comment in reply.

Senator LUNDY—The issue is that we have a spill-over day and we may need to use it. The question I have, and one we will need to resolve in the private meeting, is whether the minister is going to refuse his duties and obligations to be accountable to the parliament by refusing to attend on the spill-over day if we are unable to conclude the arts and sport portfolio this evening. Given it has always been my intention to try and achieve that—

Senator Kemp—You have not tried very hard.

Senator LUNDY—although, with these interruptions, it gets harder and harder—

Senator Kemp—Don't be childish.

Senator LUNDY—for as long as you refuse to return on Friday, I am not able to say to any agency, 'Go home.' If you say you will be back here Friday morning, I can tell the sport portfolio and the sport agencies to go and to come back on Friday.

Senator Kemp—No, Senator, I am not here. We have had three days—we will have four days—of these estimates. That is plenty.

Senator LUNDY—It is you that is being uncooperative—

Senator Kemp—It suits you, but it does not suit others.

CHAIR—Let us just stop at this point—

Senator LUNDY—and stepping outside of the bounds of your responsibility to be accountable to this parliament.

CHAIR—Senator Lundy, the estimates are scheduled to last four days, and it is up to the senators asking questions to have a priority system to complete their questions within that time. A spill-over day is an extra, additional day, if needed, for outstanding programs—

Senator LUNDY—Indeed.

CHAIR—but not for a whole routine day of estimates which has not been covered.

Senator LUNDY—That is incorrect, Chair. It is there if the program is pushed out unexpectedly—

CHAIR—If you do not mind, Senator Lundy, I am speaking.

Senator LUNDY—You are not interpreting—

Senator TCHEN—Can you let the chair finish?

Senator LUNDY—No, I will take a point of order.

CHAIR—There is no point of order, Senator Lundy. The point is that the minister is not available on Friday. These estimates are four-day estimates, not five-day estimates, and you seem to suffer from the delusion or illusion that they are five-day estimates. These are four-day estimates, so we must prioritise what programs we have to finish tonight and move on to environment and heritage tomorrow. The minister is not available on Friday, so there will be no spill-over on Friday.

Senator LUNDY—Excuse me, Chair, that will be a decision of the committee in a private meeting. It is not your prerogative, and it is certainly not the minister's prerogative, to dictate to the committee what the committee should do. If you are going to pull your numbers on this, I suggest you do that at the private meeting and there will be nothing I can do about it—

CHAIR—Senator Lundy, the minister is not available on Friday—

Senator LUNDY—but please let me finish and respond to your statement—

CHAIR—so I suggest we proceed with the estimates, and we will discuss this matter during the private meeting.

Senator LUNDY—Chair, I need to refute a number of things you said specifically.

CHAIR—I will suspend these estimates at this point. We will have a private meeting, and we will resume the estimates at seven o'clock.

Proceedings suspended from 5.28 p.m. to 7.03 p.m.

Australian National Maritime Museum

Senator LUNDY—Have there been any substantive changes to the budget allocation to the National Maritime Museum in the budget we are addressing?

Ms M. Williams—In this particular budget, no.

Senator LUNDY—What is the dollar figure for the efficiency dividend paid by the museum?

Ms M. Williams—To my knowledge it is calculated within the appropriations, but we estimate that is in the vicinity of \$200,000.

Senator LUNDY—Does the museum receive indexation or partial indexation as part of its annual budget allocation?

Ms Miller—Indexation.

Senator LUNDY—Full indexation?

Ms Miller—Yes, the number we receive from the department of finance is the full indexation, as I understand it.

Senator LUNDY—I presume that would express itself somewhere as an increase in the annual allocation?

Ms Miller—Yes.

Senator LUNDY—Can you take me to the portfolio budget statement where that is expressed?

Mr Howarth—Page 346 will give you an indication of the revenues from government for the two years in question—the top line is revenues from government. That gives you an indication of the increase in appropriation taking into account all of those components of the appropriation figure. It is a net increase.

Senator LUNDY—That is just over \$400,000?

Mr Howarth—That is correct.

Senator LUNDY—That effectively offsets the efficiency dividend?

Mr Howarth—The calculation is something that is done for us.

Senator LUNDY—I note that the Maritime Museum is undertaking construction of wharf 7 and this is externally funded by a 12-year commercial loan at a fixed interest rate of 6.9 per cent. Has any additional funding been provided by the government or is going to be provided by the government to assist with the construction costs?

Ms M. Williams—That building was completed some years ago now.

Senator LUNDY—So what would I be referring to?

Ms M. Williams—You may be referring to some works we are having done at the wharves at the museum to help calm the vessels with the increase of traffic in Darling Harbour.

Senator LUNDY—Did you require commercial loans to fund that?

Ms M. Williams—No.

Senator LUNDY—I am not sure what is happening there.

Mr Howarth—By clarification, if you turn to page 353, it relates to the comments associated with the 12-year commercial loan, which is about halfway through its life.

Senator LUNDY—I see.

Mr Howarth—It simply indicates that is part of our calculations. It is being funded through a lease arrangement with an external tenant and from rent savings at the museum. It is exacted as a result of that.

Senator LUNDY—So it is ongoing?

Mr Howarth—Yes.

Senator LUNDY—I have had a briefing about the issue of calming the waters. Where is that up to?

Ms M. Williams—The first part has now been completed and we are very pleased with the outcome. We are now able to provide a safer haven for the historic vessels that were getting damaged as a result of increased wash in Darling Harbour.

Senator LUNDY—How long until that is fully completed?

Ms M. Williams—It is now complete.

Senator LUNDY—What does that now enable the museum to undertake?

Ms M. Williams—It allows us to have better access for the general public onto the vessels. It has been a worry of mine, and certainly of the staff, that when there is too much movement in the water and people get on the vessels there is a danger that they might lose their footing if they are not used to boats. The calm basin has allowed more access to vessels and it also allows us to work on the vessels at the harbour, so people can see the work being done on the boats and that is much more interesting for them as well.

Senator LUNDY—What boats are there at the moment?

Ms M. Williams—There are 13 vessels in our collection, from a Daring class destroyer to a tiny tugboat called *Albert*, which is a favourite with the little ones.

Senator LUNDY—Does the National Maritime Museum have regional touring programs?

Ms M. Williams—We have regional programs. We have established the National Maritime Museum group in Australia and support that through Museums Australia. We have a maps program, which provides a modest but extremely successful series of grants to small and often remote maritime museums throughout the country. We provide advisory services to a range of organisations, such as the Newcastle Maritime Museum, the Western Australian Maritime Museum and other maritime museums throughout the country. So we have an extensive network of maritime museums and we keep in very close contact with them.

Senator LUNDY—How are you able to travel around Australia with part of your collection?

Ms M. Williams—That is an expensive undertaking because Australia is so big, and moving objects from one state to another is extremely expensive. We do take advantage of the Visions of Australia grant and encourage other museums to also take advantage of that.

Senator LUNDY—Does that happen only when you have access to a Visions of Australia grant?

Ms M. Williams—That is true at this stage, yes. It would be good at some future stage to be able to extend that, but at the moment that it is the only source.

Senator LUNDY—What Visions of Australia grants have you had recently, say, over the last one or two years?

Ms M. Williams—We have not had any recently. A number of museums and galleries all have access to that program.

Senator LUNDY—Have you applied?

Ms M. Williams—Yes, several times, and we have had several grants. We had an exhibition about Greeks in Australia that travelled around the country to smaller museums, which was quite successful. That was two years ago.

Senator LUNDY—Have you had any since?

Ms M. Williams—No, we have not. But we will continue to apply, Senator, I can assure you.

Senator LUNDY—What exhibitions have you applied for since then?

Ms M. Williams—As I said, we have not applied in the last two years for particular exhibitions but we do have a plan of exhibitions on the drawing board, which will go to Visions of Australia in the very near future.

Senator LUNDY—Can you give me an outline of the structure of the board of the National Maritime Museum of Australia and how often it meets?

Ms M. Williams—We have 11 board members. We are the only Commonwealth collecting institution outside Canberra and so we have national representation. We have people from every state on the board.

Senator LUNDY—How is remuneration of the board members determined?

Ms M. Williams—It is determined by the Remuneration Tribunal, I believe.

Mr Howarth—That is right.

Senator LUNDY—How regularly are board members paid this remuneration and on what basis? Is it quarterly, monthly or biannually?

Ms M. Williams—I believe it is quarterly.

Senator LUNDY—Who determines that?

Mr Howarth—I would have to take that on notice because I would be guessing. I do not know the basis for the determination of when they are paid.

Ms M. Williams—It would be a standard procedure, I would think, in line with other agencies.

Senator Kemp—What was your question, Senator Lundy?

Senator LUNDY—How often is remuneration paid to the board members?

Mr Howarth—They are paid quarterly. But I do not know what the establishment of that is, whether it was at the request of the board members or whether it is a set arrangement.

Senator LUNDY—I think you are right that it is pretty standard.

Mr Howarth—It is not a huge amount of money.

Senator LUNDY—How does the museum advertise vacant staffing positions?

Ms M. Williams—Depending on the position, they are advertised in newspapers, through Museums Australia online and the various professional organisations associated with museums.

Senator LUNDY—Do you always advertise nationally?

Ms M. Williams—It depends on the position. If it is a section head position then yes, we do.

Mr Howarth—We have also been known to advertise internationally where necessary.

Senator LUNDY—What is the staff turnover rate for the museum?

Ms M. Williams—It has in the past been extremely slow. Like most museums, people tend to stay longer than in other industries. In the last few years we have had people having babies and leaving so we have had a slight increase in turnover. I could get you the exact figure on notice if you wish.

Senator LUNDY—Yes, if you could take that on notice.

Ms M. Williams—I will.

Senator LUNDY—Can you place a value on the collection of the National Maritime Museum?

Ms M. Williams—Yes, we have just had the collection valued.

Senator LUNDY—Timely!

Ms Miller—Last year we had the National Maritime Museum revalued in the triennial cycle for the audit and it is about \$23 million at this point.

Senator LUNDY—Can you give me an overview of collecting and purchasing policies—not so much the policy principles that drive that collection but how you actually go about doing it?

Ms M. Williams—We have a published policy as determined by the act, and it has recently been revised. We collect in focus areas and we collect according to subject. We have a broad interpretation of maritime heritage to make sure that it is inclusive and not exclusive. Like other museums and galleries we have a good network of galleries, suppliers and collectors. We clearly prefer material to be donated to us where that is possible and where it fits within the collecting policy. There is a rigorous process of examining each object that comes before us, whether it is a gift or purchased. There is a full acquisitions report that is produced by the curator. That report goes to the head of the branch and then it comes to me, so it is examined in very close detail before a decision is made to go ahead and acquire or not acquire.

Senator LUNDY—How much funding in your budget do you identify for acquisitions?

Ms M. Williams—It is reasonably modest. At the moment it is something like \$60,000 within the collection focus areas and the curatorial divisions. I have a small emergency amount of \$50,000 which I keep aside for something that comes up that is really critical for the collection. We also speak to collectors and develop good relationships with major stakeholders and collectors so that we encourage them to donate material through the Taxation Incentive for the Arts Scheme.

Senator LUNDY—When the museum identifies a potential acquisition, a case effectively has to be mounted for that acquisition that involves the process you just described.

Ms M. Williams—A strong case. We also have to look at the cost of maintaining that object, which can obviously be quite different—from a destroyer to a book or another object. So costs are involved with the conservation of the object. Then there is its rarity and its displayability—the fact that it has to be accessible and be seen by the general public and users of the museum. So there are several different criteria, all of which are published in the collection development policy that must be examined before a decision is made on an acquisition.

Senator LUNDY—Has there ever been a circumstance where members of the board have been given authority to make purchases on behalf of the museum?

Ms M. Williams—They have never done so. Occasionally a board member says, ‘I’ve got just the thing; I know where there’s a very special object.’ That is examined along the same lines as with any member of the general public who contacts the museum and makes an offer of an object. The museum has never been pressured by any person to purchase an object.

Senator LUNDY—Has the museum authorised a board member to go and make a purchase on its behalf?

Ms M. Williams—No, they would never do that.

Senator LUNDY—It is not really an appropriate practice, is it?

Ms M. Williams—No.

CHAIR—I am interested in the *Endeavour* replica.

Ms M. Williams—Yes, we all are.

CHAIR—I wonder if you could tell us where it is, whether it is going to come back to Australia, and where it will be based if and when it does.

Senator Kemp—It is based at Whitby at the moment. At present I am not sure where it is, but you can tune into their web site and they will tell you where it is.

Senator LUNDY—What is the web site address?

Senator Kemp—I would go into the HM *Bark Endeavour* Foundation web site. I think the original idea for the *Endeavour*—which of course is a replica of Captain Cook’s vessel, which came to Australia in 1770—came from the National Maritime Museum itself.

Ms M. Williams—It did.

CHAIR—The replica was built in Western Australia, of course.

Senator Kemp—In the mid-eighties the idea came from the Maritime Museum that this would be a great project. It was picked up by Alan Bond and, to acknowledge your Western Australian interests, Chair, the construction of the vessel started in Western Australia—for reasons which are all too obvious: the Bond Corporation could not fund it. If my memory serves me correctly, the HM *Bark Endeavour* Foundation was formed to take over the partly built vessel and raise money for its completion, which it did. The Hawke government made a significant contribution—about \$1.5 million—and I think tax deductibility was provided to the foundation. Other people contributed significant amounts of money, and the all-up cost of the vessel was in the order of \$15 million to \$17 million. So it was a substantial vessel. People who are far more expert than I am say that it is quite an outstanding replica.

The problem, as explained by the foundation, is that they cannot finance the vessel in Australia. In other words, to run a fully-fledged sailing vessel is expensive and until this point in time they have not believed that they can run it effectively out of Australia. So, regrettably—although this was a bicentennial gift to the nation—it has spent only a comparatively small proportion of its time in Australia. This came to my attention. There were some legal issues, which remain unresolved. The government has some view on these issues and the foundation has other views. The principal thing is: what can we do to bring this vessel back to Australia so that it is accessible to Australians? I had a meeting with the chairman of the foundation, Mr Michael Sharpe, in the last couple of weeks. I must say that it was a good meeting. Mr Sharpe agreed that the vessel should be based here in Australia, and he is working with the National Maritime Museum and the department to discuss options by which we can get this vessel back to Australia. Various options will be developed, and I think the National Maritime Museum is charged with putting together a business case so that we can better understand the options and see how it can come back.

From my point of view the ideal solution is that it be based here in Australia. It would probably be based at the National Maritime Museum. Therefore, it would be accessible to very large numbers of Australians. I think the issue would be whether the vessel would be maintained in a condition that meant it would continue to travel the high seas, be better suited to travelling the coastal waters of Australia or be more permanently at the Maritime Museum. We will look at those options and at the costs. From my point of view the big thing is that this was a bicentennial gift to the nation. It was not a gift to Whitby; it was to the Australian nation. Therefore, we look forward to working with the Endeavour Foundation to bring the ship back to Australia as soon as practicable and have it maintained in an affordable condition but with the principle being that we want as many Australians as possible to have the chance to visit this vessel.

CHAIR—Thank you. It is always difficult to make these vessels run successfully financially. We have the *Leeuwin* in Western Australia and it is very hard to keep it afloat financially. I wish you all the best in your endeavours with the *Endeavour*.

Senator LUNDY—I would like to ask a follow-up question. Will you provide the National Maritime Museum with additional funds to support this initiative?

Senator Kemp—We would want to make sure the vessel was properly supported. That is the purpose of the business case: to ascertain what the cost would be. There would be various options, but my expectation certainly would be that the National Maritime Museum would have the resources—if we decided that was the best way to go—to maintain the vessel as required.

Senator LUNDY—So they would not get any extra funding?

Senator Kemp—That is not what I said. I think I said they would have the resources to maintain the vessel.

Senator LUNDY—Do you think they already have those resources or will you make sure that they have them?

Senator Kemp—No, I think they would have to have the resources. I am pretty sure that the resources of the National Maritime Museum are reasonably fully committed. I notice some nodding of heads beside me.

Senator LUNDY—Sorry, I just misheard what you said.

Senator Kemp—Again, this is not an issue of politics; it is an issue of what we can do to get this vessel back home in a way which recognises the good work that the foundation has put into the vessel and with the overriding objective that this is really, as I said, a bicentennial gift to Australia and it should be in Australia. I am working towards that goal and I am very happy to work with the HM *Bark Endeavour* Foundation and the National Maritime Museum.

Senator LUNDY—Looking at the web site, the *Endeavour* seems to have a pretty busy program of sailing about the place. Is it envisaged that if it comes to Australia it will still go on voyages?

Senator Kemp—That is one of the issues that we have to deal with. It is true that the more it sails around the world the less it is accessible to Australians.

Senator LUNDY—I was thinking more of sailing up and down the coast or something.

Senator KEMP—So there is a significant trade-off there. As I said, we have to work through the business plan and look sensibly at the various options. I hope we can come to a conclusion that will maximise the opportunities for Australians to visit what was after all their bicentennial gift. As much as we love the people of Whitby, Australians did not contribute money so that the vessel could be based over there.

CHAIR—I thank the officers for appearing today.

[7.29 p.m.]

National Gallery of Australia

CHAIR—Dr Kennedy, I welcome you here this evening for what I believe is your last appearance before us. I also welcome Mr Froud and your other officers.

Dr Kennedy—Thank you. It is always a pleasure to be here and it is a special pleasure this evening.

Senator Kemp—Be careful, Dr Kennedy, we do not want to have you up for misleading the committee! I would like to record in the *Hansard* the appreciation of the government for the work of Dr Brian Kennedy over his term as Director of the National Gallery of Australia. We believe that Dr Kennedy has continued a very fine tradition.

We are very grateful for your work, for the imagination you have shown, and for the way you have developed the NGA—particularly the Outreach program, which has brought more of the great art in the National Gallery to the attention of a greater number of Australians. I am sure that is one of the things which will be built on in the years ahead. That is just one of the legacies of Dr Brian Kennedy. So I thank you on behalf of the government for your work, and I thank your wife Mary for her work and support. It is always an interesting period. We understand that institutions like this can be controversial; that is their nature. I express pity that so much of the discussion at the estimates committee hearings—at least while I have been here—seems to have been taken up with issues which, although in themselves may have had some significance, have been at the expense of some wider issues. That is not your fault, Dr Kennedy. That is the fault of this committee. Anyway, thank you for what you have done.

Dr Kennedy—Thank you.

Senator LUNDY—Does the Gallery receive indexation in your annual budget allocation?

Dr Kennedy—Yes, we do. We receive an inflator each year. Currently I think it is 2.2 per cent. That is subject to the efficiency dividend, as well.

Senator LUNDY—That 2.2 per cent, obviously, is partial indexation. Are you able to put dollar figure on it for the last financial year in the trusty book?

Dr Kennedy—I cannot put a precise figure on it right now, but maybe Mr Froud can help you.

Mr Froud—I think it is in the order of \$340,000. I do not think it is identified separately in the PBS—the inflator. That is not the efficiency dividend figure.

Senator LUNDY—Is there any substantive difference between your budget allocation from the last financial year and this financial year?

Dr Kennedy—Yes. It has increased from \$35.59 million in 2003-04 to \$37.853 million in this year, but that is a reflection not of the inflator but of the nature of our funding base and, in particular, the area of funded depreciation.

Senator LUNDY—I am just trying to find the page in the PBS.

Dr Kennedy—Page 445.

Senator LUNDY—Can you show me in the PBS where those figures are, \$35 million to \$37 million? I can find \$41 million to \$43 million—

Dr Kennedy—On page 445, at the bottom, ‘Appropriations and resourcing’, the first line gives the budget for the year to come—\$37.853 million, and last year’s—

Senator LUNDY—I am sorry. What page are you on?

Dr Kennedy—Page 445.

Senator LUNDY—Turning to table 2.1.1, that figure does not actually appear. Why is that? I am just trying to solve a few mysteries in the PBS. This was one of them.

Dr Kennedy—I am afraid I cannot help you and Mr Froud has not got his glasses. I presume that the figure on page 453 refers only to outcome 1. Can we take that on notice? The two figures are as I have given them to you.

Senator LUNDY—Yes. I appreciate that. It says that includes an equity injection of \$4 million for the purchase of works of art, but I cannot see the figure of \$4 million in that table for outcome 1 for \$4 million worth of art anyway. In ‘Departmental appropriations—collection development’ column, there is a \$3.163 million figure.

Mr Froud—As I understand it, the appropriation for operating expenses is reflected in that. Look at that! It is all revealed again.

Senator LUNDY—For the *Hansard* record, Mr Froud put his glasses on.

Mr Froud—This table relates to the operating expense component whereas the \$4 million is an equity injection.

Senator LUNDY—So the \$4 million is not in that table?

Mr Froud—That is correct.

Senator LUNDY—That solves part of the mystery. I suppose, if you add \$4 million to \$33.853 million, you get \$37.853 million.

Mr Froud—Yes, that is it.

Senator LUNDY—Is there another table that identifies that \$4 million equity injection or is that the only reference to it?

Ms Williams—That is on page 465.

Senator LUNDY—Thank you. Going back to table 2.1.1, did that \$35 million figure for last year that you gave me, Dr Kennedy, also include an equity injection of \$2 million to take that \$33 million up to \$35 million?

Mr Froud—Yes. Both figures would have included the \$4 million equity injection.

Senator LUNDY—Except last year it was only \$35 million.

Mr Froud—Correct. It went from \$35 million to \$38 million. As Dr Kennedy has mentioned, that relates to the additional appropriation. In addition to the depreciation funding that Dr Kennedy referred to, there was also an increase in funding for the increased cost of insurance.

Senator LUNDY—So there are other variables that make up that difference.

Mr Froud—Yes. There was a significant increase in the insurance cost for the Gallery, now running at greater than \$3 million as our premium, which is fully funded.

Senator LUNDY—Can that increase of those original figures from \$35 million to \$37 million be attributed to those variables, or just the equity injection?

Mr Froud—No. The equity injection is in both, so that is not a variable.

Senator LUNDY—Let us go through them again. What did that dividend in the increase in the insurance costs increase by?

Mr Froud—I do not have the figure before me. I am happy to provide that. We are talking about a 40 per cent increase, I think. It was of the order of \$1 million, so we are talking about a very substantial increase. Can I take that on notice and give you the precise figure?

Senator LUNDY—What was the explanation of that by your insurance company?

Mr Froud—That was the just the movement in the insurance market in that the cost of insurance has been increasing in recent years, and I am sure that this will be experienced by other agencies as well. They will be indicating an increase in the cost of insurance. Insurance is a very significant cost for the Gallery because of the value of the collection that is being insured.

Senator LUNDY—Sure, but I have not had any other agencies identify any substantive increase in insurance as a reason for a fluctuation in their budget allocations.

Mr Froud—It certainly is for us.

Senator LUNDY—I am not saying it has not happened for other agencies' collections.

Ms Williams—I have forgotten which, but I think it was the Film Commission that mentioned Comcover increases.

Senator LUNDY—They did too. Thank you, Ms Williams. Is that increase in insurance costs for Comcover as well as—

Mr Froud—Comcover entirely.

Senator LUNDY—Why did that go up so much? You have not been making too many claims, have you?

Mr Froud—No. It is just that the cost of insurance for all agencies has increased significantly. This has been an issue which has required funding for all agencies as part of the budgetary process.

Ms Williams—Comcover's base coverage has gone up significantly. But, because the Gallery uses it so much, it shows up more than others.

Senator LUNDY—Uses their insurance so much?

Ms Williams—They just have more to insure.

Mr Froud—Yes, it is because our asset base is so significantly higher than most agencies—with a collection valued at \$1.6 billion.

Senator LUNDY—Were there any additional risk factors that exacerbated that insurance increase?

Mr Froud—No.

Dr Kennedy—At the annual meeting of international gallery directors that I attend this was found to be a major issue throughout the world. Art galleries claim very little on their insurance; however, the overall of the art market, which is largely I understand driven out of

Lloyd's, has to take account of increased risks, particularly terrorism risks, and this has caused insurance premiums to really rise for all institutions. It is an issue we were trying to take up collectively as major institutions throughout the world. It seems ludicrous when we have only ever had incredibly minor claims and generally cover under excess any damage, because we have conservatives to fix things anyway if they do get mildly damage. The claims are minimal and the premiums are huge.

Senator LUNDY—Has there been any effort to look at it from a collective Australian institution perspective that you are aware of?

Dr Kennedy—As the federal institution we are I believe one of the top 10 material assets of the Commonwealth. I do not think any other cultural institution would come close in terms of value, so there has not been an engagement in that way.

Senator LUNDY—If you could take on notice to provide the history of those premiums, say, going back over the last five or seven years to get so I can get an idea of the trend. If it is impacting on budgets in that way—

Mr Froud—We observed when responding to questions on notice last time one thing with the gallery's financial information systems. The current system goes back three or four years and the one before that goes back about another two. So we could say seven, but I might be able to do six very easily. We will try to do seven, depending on the capacity of our financial management information system if that is okay.

Senator LUNDY—Yes, that is fine.

Mr Froud—Thank you.

Senator LUNDY—You mentioned other variables that have impacted on that change. Can you go back to them please.

Mr Froud—As Dr Kennedy alluded, there is the parameter increase that we started with, there are the adjustments that relate to depreciation of our assets and the funding for that, and there is the insurance. They in the main are the contributors.

Senator LUNDY—What is happening with the upgrade of the front door refurbishment? Can you give me an update on the costs associated with that? I am referring to an answer to a question on notice. I asked how much had been paid to TZG. The answer was:

... a total of \$2,062,713 in connection with participation in the selection process, services rendered and expenses incurred in connection with master planning, refurbishment of the existing Gallery building, and the design and documentation of options for the building enhancement project.

The sum of \$1,300,703 was also received by TZG in respect to fees payable by TZG for services rendered by sub consultants.

Can you explain what the total amount is that the gallery has had to fork out for this project to TZG and their subconsultants?

Dr Kennedy—It is those two figures together.

Senator LUNDY—Hang on, I will have to work that out. I am a bit slow at maths. I know Senator Kemp is really quick at adding up the sums.

Senator Kemp—Thank you, Senator.

Dr Kennedy—I have an actual figure to 13 April this year for consultants' fees, which would include the managing architect and all subconsultants and all program and cost planning. It is \$3,058,303 million.

Senator LUNDY—Are we any closer to a new door?

Dr Kennedy—Yes we are, contrary to reports.

Senator LUNDY—Where is it at?

Dr Kennedy—I informed the committee at the last meeting that we were seeking to interest a new architect who could establish a rapport with our original architect and work in a manner which would respect the building and lead to a satisfactory results. We have been in intense discussions in that regard and fairly shortly we will put a proposition to engage another architectural practice to the minister. That is imminent. All our charges, which go to more than \$1 million, require ministerial approval and we hope that this will advance matters quickly. It has been a torturous and tedious process, but also ultimately it will be very much validated given recent praise for the style of new brutalism. As with all fashions in art and architecture, this very tough style is now respected. The work on the refurbishment and the revelation of the building again for our 20th anniversary assisted that in our case, but around the country there is great respect for the style. Therefore, the work we are doing now and have been doing with Colin Madigan, establishing excellent relationships between the gallery and him, will bear a terrific result in the end.

Senator LUNDY—What is your view of the \$3 million plus you have had to pay out so far? It has obviously been frustrating and it has obviously not been money particularly well spent. You say you are anticipating spending another \$1 million to make it happen. What are your reflections on that expenditure, particularly with TZG? This is with the benefit of hindsight.

Dr Kennedy—We are still very much within our overall expenditure, which is a total budget of \$7 million for consultants' fees, and I really do not anticipate that being exceeded. The work that we have achieved has obviously given us an awful lot of information which has informed, and will continue to inform, the relationship between the Gallery, its original architect and the new architectural firm. The process whereby moral rights legislation introduced during our project caused significant delay and pause for the Gallery has been just one of these hurdles that happens on the road. It is not about walking into it; it is about trying to climb over it. It has been very expensive for us. It is a funded project and I do not believe that the funding will be exceeded.

With the benefit of hindsight, I think what has contributed to our situation has been a deep estrangement between our original architect and the Gallery over many years and an anger at what had happened to his building, even in 1982, and his determination that it should be completed to satisfaction. That, aligned with a staff, who have now become unfavourable towards the building, having been for many years working to effectively hide it to provide more and more artworks within what is a very challenging, tough piece of architecture. So

that now I think that we respect our building a lot more. We are so young as an institution. While I absolutely feel that everybody wanted a new front entrance when I came to the Gallery, we did not know what was going to happen in terms of moral rights. In the commercial market, very distinguished architects have told me that the process is being, effectively, avoided by architects signing away their rights to developers. The situation with the Gallery was never going to be that. We are a cultural institution and we deeply respect our architect. We now have a situation where we are working together. It has been a journey.

Senator LUNDY—The original architect is part of the group that is now working on this new proposal?

Dr Kennedy—I can clarify that. For probity reasons, I am not in a position to name our new architect just yet. He will be named in the next couple of weeks. We have a situation where we will contract a new architectural firm, which will undertake to work to respect the original building—that is to say, the statement of principles and all the information we have attracted from Col Madigan over the last two years. We have 20-year plans, 50-year plans and even out to 100-years master planning for the Gallery. The architect will be contracted and also our original architect will advise the Gallery, so we will have two relationships. We feel confident that we can now deliver a result. Our two architects will be working together in the first two months, which will happen during this winter.

Senator LUNDY—Can you remind me how much funding has been set aside for the actual capital works?

Dr Kennedy—The total funding that we have received from government is \$43 million. It was always envisaged that approximately half would be spent on the refurbishment and half on the so-called front entrance facilities—the enhancement of the Gallery in that area. We are tracking at the present time at approximately \$14 million for the refurbishment of the building. There will be another few million in that. Therefore, we will have a project of \$20-something million to allocate within the next few weeks.

Senator LUNDY—Is that \$43 million inclusive of the \$7 million that has been allocated for consultancy fees?

Dr Kennedy—Correct.

Senator LUNDY—When do you expect to start work on the new front door?

Dr Kennedy—Building work?

Senator LUNDY—Yes.

Dr Kennedy—It will be next year and it will run for about 15 months, and the tracking was to the end of 2006. We are at present working to that schedule. I assure you that we have been very busy in recent months and we are full steam ahead with our discussions. We have had numerous meetings to seek to resolve this matter. I think it will be an interesting case for the architectural profession.

Senator LUNDY—It will be interesting to see how it proceeds. What is the Gallery's collection valued at?

Dr Kennedy—As Mr Froud said, about \$1.6 billion at the moment. But we are in the process of revaluing our collection and we believe it will be revalued at somewhere in the order of upwards of \$2 billion.

Senator LUNDY—What is the process by which you assess acquisitions for the Gallery? I know that you are obviously involved, Dr Kennedy, and that there are all sorts of subjective analyses applied to what constitutes a valuable work. Perhaps I can make my question a little more specific. Are there any board members who have been given the authority to personally purchase for the collection?

Dr Kennedy—Never in my time.

Senator LUNDY—I did not feel I could allow this last round of estimates to go past without some questions about occupational health and safety. I would like to ask whether Comcare is investigating the NGA over an alleged breach of section 76 of the occupational health and safety act. This section relates to the prejudicing of the employment of an employee who has complained of an OH&S matter. Can you outline what the issue is, where the investigation is up to and, if the investigation has been completed, what the outcome is?

Mr Froud—I would be happy to provide some advice on that. I believe the matter that you are referring to relates to an investigation that Comcare has conducted. Some months ago there was an investigation undertaken regarding concerns that a member of staff raised. If this is the case you are referring to, it relates to a matter where I actually wrote to an employee.

Senator LUNDY—Yes, it does relate to you.

Mr Froud—I wrote to an employee seeking some advice from them. On the information and the evidence available to me it concerned me that, despite our efforts to improve occupational health and safety management practice in the Gallery, this particular officer on a particular occasion had not acted in accordance with the procedures that we were seeking to have adopted by all of staff. That matter has been the subject of investigation by Comcare. We have not as yet received their report, so I cannot provide anything further than that.

Senator LUNDY—Can you take on notice to provide the committee of that report when it is received?

Mr Froud—Certainly.

Senator LUNDY—Do you know what stage the investigation is at?

Mr Froud—No. My recollection is that it was a couple of months ago that the matter was the subject of inquiry by investigators who attended the Gallery, and I have not heard personally anything further since that time.

Senator LUNDY—Can you advise me who initiated the investigation—whether it was Comcare or the employee?

Mr Froud—The employee. I am aware of that.

Senator LUNDY—If you could take that question on notice and provide that report.

Mr Froud—Yes.

Senator LUNDY—Can you describe the regional touring programs undertaken by the Gallery over the last 12 months?

Dr Kennedy—Maybe generally, first of all. The Gallery has very significantly expanded the thrust of its efforts throughout the country over a number of years now. That has continued especially in the period of a project we called ‘Out and About’, which saw 20 major works from the Gallery travel to 20 venues throughout the country to celebrate our 20th anniversary. That went over a period of time and concluded in the last year with *Blue Poles* by Jackson Pollack going as the very special loan to mark the opening of the St Kilda Road building of the National Gallery of Victoria. We have continued our regional touring program throughout the country. As it is my last estimates I really do want to congratulate our 280 staff on 307 exhibitions over the last seven years, which is an extraordinary number and a marvellous effort. We have also toured in the region and to nine countries throughout the world. At the present time we have the major exhibition ‘Sari to Sarong’ at the Asian Civilisations Museum in Singapore. At any one time there is an exhibition being organised somewhere. At the moment the Peter Fay exhibition is being set up in Hobart, for example.

Senator LUNDY—Do you access Visions of Australia funding for your touring exhibitions?

Dr Kennedy—From time to time. It is a process of decisions by a group of people established to vet such applications and from time to time we have strongly benefited. I should note that the 20th anniversary program really was an extraordinarily expensive program, with high value works requiring government indemnity that Visions of Australia funded, which helped us a lot. I thank the minister for that.

Senator LUNDY—How much did you get from Visions of Australia for the 20th anniversary exhibitions?

Dr Kennedy—By recollection, it was approximately \$100,000.

Mr Froud—\$96,000.

Dr Kennedy—Mr Froud tells me it was \$96,000.

Senator LUNDY—Can you take on notice providing the committee with details of all of the regional exhibitions that you have undertaken, but also attaching the associated funding details—for Visions of Australia but also for other sources of funding which may have assisted you to mount those exhibitions, including private sponsorship.

Dr Kennedy—Certainly.

Senator TCHEN—Dr Kennedy, may I join the chair in congratulating and thanking you for your contribution to Australian arts and culture over the last seven years. I regret to say that, during all the times that you have appeared before the estimates committee, I never really had much of an opportunity to ask you any questions. That is not because I am not interested in what you do. But, as you know, government senators’ time is very jealously rationed, so quite often I do not get a chance to ask you questions. But, seeing that this is your last appearance, I will.

I have observed you dealing with all the questions put to you, and you usually deal with them with considerable élan. But I notice that most of these questions require you to become expert in air-conditioning, building construction, workplace safety and this type of thing, but rarely do you get asked questions about arts and what the Gallery actually does in terms of its public face. Since this is your last hearing, can I invite you to give us a brief retrospective of your tenure as Director of the National Gallery. When you first came here, what vision did you have for the Gallery and for yourself and, looking back, has the Gallery made progress under your leadership?

Dr Kennedy—Thank you, Senator Tchen, for the opportunity. This is not just appreciated personally, but I think, due to the personalisation of matters to the director of art institutions in Australia, often the work that carries on with all the staff, all our guides and researchers, and the board and the foundation and all our membership is somewhat submerged by the focus on the director. I will try to be brief. I think that our whole focus has been about increasing scholarship and also access. These two channels have preoccupied us, and the efforts of the staff I think have made us much more truly national. Our efforts have focused on giving access to the art collection locally, around the country and abroad—and also access to information about it. I think the ways that we have done that—going to Senator Lundy’s point about our regional touring—have led to us being much more recognised throughout the country. Our loans, our partnership programs—with 23 galleries we have partnerships—our publications and our web site have increased all of that.

In acquisitions, I think we will leave my successor in very good stead for funds for acquisitions, but we have also made a whole series of acquisitions across Australian art, the art of our region and the wider world—and there in two areas: single, individual iconic works of art and in the areas of collections. We have collected, in particular, major groups of works of early Western Desert painting, South-East Asian textiles, international prints and Australian prints.

I think our exhibitions are much more diverse now. The record for the Gallery in the last seven years is extraordinary. We have had the highest average visitation of any such period in the history of the Gallery. Our free admission has really worked and has increased the visitation to the Gallery. We have had the two highest years ever in Canberra, and also the highest years ever around the country.

Senator TCHEN—I think you introduced free admission in 1998, didn’t you?

Dr Kennedy—Yes, and I think that the record of that is very instructive is, not just nationally but around the world, and everything has responded to that. Our donations have gone up. We have received \$8½ million for works of art, \$21 million in bequests—the list goes on. And the funding from the government has increased from approximately \$18 million to approximately \$38 million. Our capital funding has gone up. I think the state for the Gallery is strong and our reputation is strong. There is always noise around us—the latest expensive acquisition, the latest noisy former employee, and issues to do with the building. And it is perfectly appropriate that a gallery director knows about occupational health and

safety in the building and air-conditioning. I am no expert, but I know a lot more than I used to.

I thank you for your question, Senator, and I am enormously proud of the staff of the National Gallery.

Senator TCHEN—Thank you, Dr Kennedy. Can I ask you a final question? It might embarrass you, but please do not be embarrassed. What would you regard as your most significant achievement as director?

Dr Kennedy—It is not just my achievements. As I said, we have a group of people in Hobart this evening. I really believe it is hard, particularly for a media that focuses on large cities, to realise the impact of a national institution when it operates nationally. I and my colleagues can go anywhere around the country—and we have been to most places—and get an enormous response for what is the national ideal and the very essence of what is a truly national institution. I hope we are more national. We are only 22. Goodness knows how good we are going to be when we are 50 or 100.

Senator TCHEN—Thank you, Dr Kennedy. I think your answer does you great credit. Thank you very much.

Senator Kemp—I think the question does you great merit, too, Senator Tchen. I have long bemoaned the fact that, when we get the National Gallery before this committee, we get bogged down in a variety of issues, and never once, I think I commented, did we talk in any substantive way about collections policy, the outreach program—all of which are of fundamental importance. No-one will write the history of this period of Senate estimates, but I say it in case anyone ever bothers to do that.

I do not think this has been the greatest example of Senate estimates in relation to the National Gallery. There are significant issues that should be discussed and debated, and that has not happened. Instead, we have focused on a lot of other issues. I think that is a pity. I do not think it has added to the standing of the Senate. But I can say that it has not diminished your standing at all, Dr Brian Kennedy—and thank you for what you have done.

Senator TCHEN—Minister, I think things are improving because today you have been tested on whether someone appointed to the National Archives is really an archivist, whether someone appointed to the Library is really a librarian, so perhaps one day we will get to a question about whether someone appointed to the Gallery is actually a gallery expert.

Senator Kemp—Good point.

CHAIR—Senator Lundy has some questions still.

Senator LUNDY—I have not finished my questions, which is a shame because that would have been a nice note upon which to finish. I am going to more prosaic issues nonetheless. I understand the position of Gallery director was advertised and closed on 23 April. Can you provide an update on how this process is progressing, and when can we expect an announcement?

Ms Williams—Perhaps I should take that question.

Senator Kemp—I think so.

Senator LUNDY—Thank you, Ms Williams. And will it be before Dr Kennedy departs in August?

Ms Williams—The interviews have not yet happened, but we hope to move on them in the near future. That is really all I can tell you at this moment.

Senator LUNDY—So you are now considering the applicants.

Ms Williams—Yes.

Senator LUNDY—You have had interviews.

Ms Williams—No.

Senator LUNDY—Sorry.

Ms Williams—But we hope to move in the new future.

Senator LUNDY—Are you anticipating an announcement before Dr Kennedy's departure?

Ms Williams—I would hope so, but unfortunately I cannot give you any details yet, because we have to go through the interview process.

Senator LUNDY—Can you confirm with me who is on the selection panel for the position of director?

Ms Williams—I am on the selection panel. Harold Mitchell is the chair of the selection panel. Philip Bacon, who was on the Gallery board, is also on the selection panel.

Senator LUNDY—I am sure you are very good at these things. Is it usual for the secretary of a department to be on the selection panel for a position such as this?

Ms Williams—Yes. For example, I am on the Museum selection panel also.

Senator LUNDY—That is quite a comfort, but anyway.

Ms Williams—It is quite normal.

Senator LUNDY—And is the process that you then recommend to the minister—

Ms Williams—Ms Bean has just reminded me that the previous secretary but one was on the panel when you were appointed, Brian—Neville Stephens.

Senator LUNDY—I seem to recall that. And is the process that this panel then makes a recommendation to the minister with respect to the appointment?

Ms Williams—Yes.

Senator LUNDY—I will go to some general questions. When are board or council members paid their remuneration for their duties as members of the council?

Mr Froud—They are paid by the government on a quarterly basis.

Senator LUNDY—Who determines that?

Mr Froud—The Remuneration Tribunal determines the sitting fee, and the Gallery then makes the payment.

Senator LUNDY—Who determines that it is paid quarterly?

Mr Froud—It always has been paid quarterly in the 13 or 14 years that I have been at the Gallery. I do not know who made the decision before me; it was before my time.

Senator LUNDY—But that is the custom and practice.

Mr Froud—Certainly.

Senator LUNDY—How does the Gallery advertise its vacant staffing positions? This is not about the director's position, but generally within the institution. Are they advertised nationally?

Mr Froud—Senator, the Gallery's practice is that if the positions are up to a certain classification we often seek to advertise them just internally initially, and if that is not successful, or if there are positions above a certain level, they are then advertised more broadly. That includes nationally, usually through the *Australian* newspaper. We have our web site and we use the press—the *Canberra Times* locally and, as I say, the *Australian* nationally—for all senior jobs and for most jobs.

Senator LUNDY—Thank you, Mr Froud. Can you confirm for me that the director's salary is set by the Remuneration Tribunal?

Ms Williams—Yes, it is.

Senator LUNDY—Thank you very much, and may I add my good wishes and good luck to you, Dr Kennedy, in the future.

Dr Kennedy—Thank you, Senator. I have admired the workload you have carried here, and we have answered every question, or sought to anyway. Thank you.

CHAIR—Dr Kennedy, as a friend of the National Gallery and as chair of this committee, I would like to thank you for your contribution to the world of Australian art, for the innovation and diversity of the exhibitions you have had while you have been the director, and for the outreach program, which, as someone who has come from regional Australia, I think is very important. I think you have made a great contribution to the National Gallery and to Australian art, and I wish you well in the future.

Dr Kennedy—Thank you very much.

CHAIR—And we must not forget that, as a side-effect of attending estimates, you have, of course, become an expert in air-conditioning engineering, which is perhaps something you might not have aspired to, but it is certainly a great secondary gain.

Senator LUNDY—I am sure it will serve you well in your future career.

Dr Kennedy—It will be high on my CV. Thank you.

CHAIR—Thank you all for appearing.

[8.13 p.m.]

National Museum of Australia

CHAIR—I welcome officers from the National Museum.

Senator LUNDY—I note that there is a slight reduction in the departmental appropriations for the National Museum between the current financial year and the budgeted financial year. Can you step me through what the variations are that have led to that slight variation? I understand that there are probably pluses and minuses in there somewhere, but if you could itemise them for me I would appreciate it.

Mr Morton—I will ask Mr Brocklehurst to do it in some detail but, in essence, my understanding is that, when the pricing review in relation to the Museum occurred in 2002, this was the funding formula agreed on at that time, and there were some ups and downs from year to year.

Senator LUNDY—This is option C?

Mr Morton—It would have been option C, yes. There were some minor variations from year to year. In terms of negotiations with the Department of Finance and Administration, the Museum's position was that it was prepared to take those minor downs in out years and take the substantial additional funding that also went with the package.

Senator LUNDY—Can you go through with me what that package consisted of. I know that option C was perceived as being one that would create an unsustainable situation.

Mr Morton—Senator, I do not have the details—

Senator LUNDY—The costing of \$9.138 million, which was option C.

Mr Morton—Correct, Senator. I do not have the details of the option C package with me, I am afraid. That was, as I say, 2002—well before my role.

Senator LUNDY—Because it is still guided by the option C funding, I think it is worth while me just placing on the record the description of option C within that government document:

Option C—represents a significant downgrading in the level of exhibitions and programs provided in the Museum's opening year and permits only limited work only on developing the new media technologies which are integral to the Museum's operations. Adoption of this option would not sustain the standard and level of services envisaged in the original Government decision to construct the Museum and demonstrated by the Museum since its opening in March 2001.

The highly regarded—both academically and internationally—deserts exhibition has been cut from 800 square metres to 400 square metres. What are the reasons for that downgrade and are they related to the lack of funding as a result of choosing that option C?

Senator Kemp—Mr Chairman, before the acting director answers, perhaps again I had better put some figures on record. People who are reading this *Hansard* might be under the impression that the Museum has been starved of funds. In fact, it was this government that built the Museum. The Museum did not exist under the ancient regime of Senator Lundy. In fact, the allocation in 1996-97 was \$3.8 million. Today the allocation, according to my figures

for 2004-05 is \$40.1 million. So that is \$3.8 million remaining after the Labor years now at \$40 million. This is, again, one of the important developments that have occurred under this government. I regret that Senator Lundy often goes around talking about cuts to cultural institutions. It is sort of bizarre when you think that you could not cut the National Museum of Australia under Labor because it did not actually exist. So I just, again, put on the record the very strong funding that has been given to the National Museum of Australia, and I would not want anyone who is reading this *Hansard* to be under any other illusion—option C, option D and option F notwithstanding, Senator.

Senator LUNDY—Option C did deliver additional funding to the Museum of \$9.138 million, but I have described how the government described that options itself—that is all.

Senator Kemp—Senator, going up from about \$3.8 million to \$40 million—would you describe that as a cut?

Senator LUNDY—Of course not.

Senator Kemp—Of course it is not a cut. It is just a nonsense—a complete nonsense that you are talking.

Senator LUNDY—The issue about the National Museum is, as you well know, is one of, we allege, political interference.

Senator Kemp—What absolute nonsense. That is quite wrong, Senator Lundy. The fact of the matter is that this government has funded the National Museum. The Hawke-Keating governments were never interested in the National Museum of Australia. That was the problem. This work occurred under this government. So we do not need to be lectured to by you on this issue, because your record on the National Museum of Australia is quite lamentable.

Senator LUNDY—Can you tell me please—either the minister or Mr Morton—why that deserts exhibition was cut to half the size?

Mr Morton—The deserts exhibition, called *Extremes*, was reduced after consideration of our approach to our exhibition program overall—the sponsors that we were able to arrange for it, the venues that were prepared to take it, the objects that were available to go into the show. Taking all of those things into account, and also taking into account the amount of availability of staff time and other things we wanted them to do, we decided that the preferable way of going on the *Extremes* exhibition was to reduce its size. I might say, at its original full size, we could not find another venue to take it, because the number of venues available to take an exhibition of that size is extremely limited. So our view was that, if we did reduce it in size, we would have more opportunity to tour it to other venues, and that is what we are currently exploring.

Senator LUNDY—Can you confirm that the former director, Ms Casey, personally travelled to Chile to secure the exhibition and that that in fact required personal approval from the Chilean President?

Mr Morton—My understanding is that Ms Casey did travel to Chile, and I know that there was a degree of government interest in the show and what would be in it. It is not the case that

the Chilean element is disappearing from the current reduced show. There will still be a Chilean element there.

Senator LUNDY—Is it not embarrassing—not for the Australian government but for the Museum—that the full exhibition is not proceeding, given the circumstances under which it was secured?

Mr Morton—I do not personally find it embarrassing at all, Senator. I believe that we are going to end up with an extremely good exhibition which is going to be seen by more people than otherwise would have been the case at its full size, and it is going to fit in well with our work program overall within the Museum, and it is going to fit in well with our cost structure as well.

Senator LUNDY—Did you receive Visions funding to assist you in the touring of that exhibition?

Mr Morton—No. Because we have not secured any venues yet, we have yet to apply for Visions funding for it, but I imagine that we will be.

Senator LUNDY—So you are pretty optimistic that you will get Visions of funding.

Mr Morton—Visions has been a program which has been good to us in the past in terms of touring our temporary exhibitions, and we would hope that we would get support again for this one.

Senator LUNDY—Can you take on notice providing the committee with the details of all of the regional touring the institution has done—what exhibitions and what funding was secured to assist with those tours, be it private sponsorship or Visions funding?

Mr Morton—Yes, we can provide that information, Senator.

Senator LUNDY—Going right back to 2001?

Mr Morton—Certainly.

Senator LUNDY—How many touring exhibitions have you had in the last 12 months?

Mr Morton—In the last 12 months we have toured *Rare trades—making things by hand in the digital age*. That has toured to Science Works in Melbourne, and the South Australian Maritime Museum, and it is currently at the rail Museum at Ipswich. *Outlawed*, the recent exhibition at the Museum, is about to open in Melbourne, and it will then travel to the Queensland Museum in Brisbane. Behind the lines, the exhibition of cartoons, actually opened in Queensland and then travelled to RMIT. It is now at the Museum here, and it will be continuing on, I think from memory, to South Australia and Western Australia.

Royal Romance, the exhibition about the 1954 royal tour of Australia—at this stage I am not entirely clear that that will tour to other venues, but certainly we have got a great deal of interest from a number of smaller Museums about whether elements from that show can be toured. We are having a look at that at the moment.

Senator LUNDY—When you provide information about all of these tours, could you also provide where they went?

Mr Morton—Certainly. The other one I would mention is *Hickory Dickory Dock—the changing face of Play School*, which is travelling to a lot of places. It is, I think, opening in Shepparton this week, and it goes to Wagga Wagga, to Perth and also to venues in Victoria, Queensland and Tasmania. So we have been travelling exhibitions quite extensively in the last 12 months.

Senator LUNDY—And would the majority of those have Visions funding?

Mr Morton—My guess would be yes, but I would like to check that. Certainly a substantial number of them have got funding.

Senator LUNDY—I am happy for you to take that on notice. What other ways does the Museum engage with regional and rural Australia?

Mr Morton—It engages, for example, through our web-based activities. One important way in which it engages is through Talkback Classroom, which is a school program, as you are probably aware. That is an important way in which we engage with students throughout Australia. And recently, over the past few weeks, I am pleased to say, we have been able to do joint presentations with Museums, both in the Northern Territory and in Sydney, and we had a joint presentation about a month or so ago with the Smithsonian Institute in the US.

So that is an important way in which we are conducting outreach. And, of course, as you know, we have an extensive schools program, which brings people into the Museum from all over Australia.

Senator LUNDY—I note that the Museum library recently took up occupancy of the hospice.

Mr Morton—Yes, correct.

Senator LUNDY—What was the cost of that refurbishment?

Mr Morton—The cost of the refurbishment of the hospice I can give you, but I do not think I can give you the cost of the refurbishment of the library part. I cannot just distinguish that out.

Senator LUNDY—What proportion of it is taken up by the library?

Mr Morton—About a third to a quarter—it is a bit hard to say.

Senator LUNDY—That's okay, just generally.

Mr Morton—The total cost of the hospice project is estimated to be in the order of \$2.6 million to \$3 million. I think we still have some accounts to come in on that one.

Mr Brocklehurst—That is right.

Mr Morton—That includes the base building, the refurbishment, the fit-out and the associated fees. As you are probably aware, the NCA is contributing towards that cost, and we are amortising their contribution in terms of the rent that we pay.

Senator LUNDY—How much are they contributing?

Mr Morton—They are contributing up to \$1.8 million.

Mr Brocklehurst—\$1.5 million, I think.

Senator LUNDY—Are they occupying some of the space?

Mr Morton—No, they are our landlord, in fact. They own the hospice.

Senator LUNDY—There have been many reports that the space might be too small for the collection. Is that true?

Mr Morton—Certainly library space is an issue. I would not deny that, although I would have to say that the new facility that we have is a vast improvement from the point of view of its proximity to the main building and its access for researchers. But, in terms of the actual storage of library content, yes, it is tight. We are looking at that at the moment, and looking at ways that we might address it, including storage off site of some of the collection.

Senator LUNDY—You have anticipated my next question nicely. We have asked questions of the National Library and other institutions about the terms and conditions by which they might access the National Library's new storage facility proposed for Hume, for which they received \$9.9 million in the budget. Is utilising or leasing some of that space an option for the National Museum?

Mr Morton—It is not an option we have explored, but were there to be an opportunity to do so it is certainly something that I think we would be interested in, because in our own storage facilities at Mitchell space is already at a premium, as you know.

Senator LUNDY—But you have not been engaged in any discussions about that as yet.

Mr Morton—Not that I am aware of at this stage, no.

Senator LUNDY—They said they had not finalised any of those details yet, but there was some speculation about it.

Mr Morton—We will see. Certainly it is an option we will explore.

Senator LUNDY—Does the Museum receive indexation as part of your annual budget allocation?

Mr Brocklehurst—Yes, we do.

Senator LUNDY—What is the percentage rate?

Mr Brocklehurst—2.2 per cent.

Senator LUNDY—And obviously you pay an efficiency dividend as well of 1 per cent?

Mr Brocklehurst—That is right.

Senator LUNDY—What is the dollar figure of that?

Mr Brocklehurst—Approximately \$350,000.

Senator LUNDY—Minister, do you recall the government complaining in its 1996 discussion paper on the Public Service about the time taken to fill vacancies in the Public Service and saying that this had to change?

Senator Kemp—Sorry, do I recall what report? I do not even recall the report, Senator.

Senator LUNDY—Apparently there was one in which the government did complain about the time it took to fill vacancies in the Public Service—

Senator Kemp—Was that aimed at your government?

Senator LUNDY—I am sure you know where I am going with this.

Senator Kemp—Without embarrassment on my part, Senator.

Senator LUNDY—Can you just remind me as to when the government decided to extend Ms Casey's appointment as director for only one year?

Senator Kemp—I do not think I need to remind you. You have got the figure there, Senator.

Senator LUNDY—I know you will need to defer to Ms Williams.

Senator Kemp—There is a press release, and you will get that. I refer you to the relevant press release, Senator.

Senator LUNDY—What was the date?

Senator Kemp—I can just refer you to the relevant press release. You have researchers.

Senator LUNDY—That is not an answer.

Senator Kemp—We are not here to carry out basic research for you. You have actually got staff to carry out research and, frankly, I think your questions are—

Senator LUNDY—I am getting you to help me illustrate my point.

Senator Kemp—It is very unsubtle—

Senator LUNDY—It is obvious. I am not trying to be subtle.

Senator Kemp—We do not supply basic research to senators who have highly paid staff to do that. You just get to the nub of your question and we will respond to it.

Senator LUNDY—Can you tell me—

Senator Kemp—I refer you to the relevant press release.

Senator LUNDY—I will ask you another largely rhetorical question, but in the same vein.

Senator Kemp—I think you have got the date there, so you need to get to the nub of your question.

Senator LUNDY—When did Ms Casey leave the director's position?

Senator Kemp—Ms Casey left the director's position on 14 December.

Senator LUNDY—And has this position now been permanently filled?

Senator Kemp—Oh, Senator! The hour is late.

Senator LUNDY—Come on, work with me, Senator. This could be fun!

Senator Kemp—I will fill you in, because this is actually a serious topic. The position has been advertised. I hope to get a recommendation from my department within a very short period of time, and the department's representatives are nodding their heads and they note

that, and I hope that the appointment will be made in a fairly speedy fashion after that. I have no doubt that the appointment will be attacked and criticised. The Labor Party always does attack and criticise appointments, and you will find some terrible problem with it, as part of this insidious government's cultural agenda—

Senator LUNDY—Will I? You must have a guilty conscience already.

Senator Kemp—You always do.

Senator LUNDY—You are not going to appoint one of your mates, are you, Senator Kemp? You would not be that foolish.

Senator Kemp—No, I suspect I have not played golf with the person. I have not shouted them a round of beer at the pub. We go through this all the time.

Senator LUNDY—You are not related or anything?

Senator Kemp—No. I suspect he is not a member of the Liberal party.

Senator LUNDY—Is he a member of your branch of the Liberal Party—or she?

Senator Kemp—Or she. I suspect she will not be a member of my preselection panel.

Senator LUNDY—I will be checking, you know.

Senator Kemp—You will be checking all that, and you will be assessing that. But, Senator, the appointment will be made as soon as possible. Of course we would have preferred to make the appointment earlier. The fact is that a number of events intervened, which was a bit of a pity, because we would have liked to make an earlier appointment, but that did not eventuate. Of course, we then had to consider other options, and this process is an excellent process, and I am looking forward to receiving a recommendation from the committee.

Senator LUNDY—Excellent. But just answer this one question—

Senator Kemp—Provided it is sensible.

Senator LUNDY—Given that when the government reappointed Ms Casey for only one year it effectively gave itself a year's notice to find a replacement, no action was taken until after Ms Casey left to permanently fill the position and do the interviews—

Senator Kemp—It is not true that no action was taken. That is an assumption, which happens to be wrong. The government did take action, and we were looking at a variety of options. One of those options did not eventuate, and therefore we had to fall back on another option. These things happen in life; it is not perfect. The Museum, I might say, has been excellently run under Mr Craddock Morton. I think, in terms of the planning for the Museum and the management of the Museum, there is lots to be seen as a result of that—and you are quite right to smile there.

Senator LUNDY—Is there something systematically wrong with filling a vacant position? That is two positions in this portfolio.

Senator Kemp—No. Nothing's systemically wrong.

Senator LUNDY—Do you have more control if it is an acting position? Is that what it is about?

Senator Kemp—Did I have more control?

Senator LUNDY—More control, more opportunity to assert political influence if it is just an acting position?

Senator Kemp—Oh, yes! Let me just look at the person I inserted as the acting director. Oh, Mr Craddock Morton—yes, gee whiz! What a terrible thing for you to suggest! Here is a very distinguished public servant, who I think probably served the previous government too with distinction. Is that right?

Mr Morton—I demur.

Senator Kemp—But you have not been turned, have you, as a result of the insidious influence of Rod Kemp? I do not think Mr Morton has been turned. I think he has always been a very professional public servant.

Senator LUNDY—Are there currently any vacancies on the Museum council?

Senator Kemp—I think there may be one. Yes, one vacancy.

Senator LUNDY—When are you planning to fill that vacancy?

Senator Kemp—I do not want to put days on it, but hopefully in a number of weeks that vacancy will be filled.

Senator LUNDY—So within a number of weeks we will have a new director of the Gallery, a new director of the Museum, new members of the board here, new members of the board of the AFC. You are going to be busy over the next few weeks appointing all these people. It is very good, I have to say.

Senator Kemp—You may never have this experience, Senator, but the minister for the arts has an enormous number of appointments to make. There would barely be a week that goes by when appointments are not being made. So, yes, we keep busy on appointments, and the person who is appointed will be joining a very distinguished board. I look at the board, and have I played golf with any of those people? I do not think I have, Senator.

Senator LUNDY—Have you what—played golf?

Senator Kemp—No, I have not. I may have shouted one or two a drink, but who knows?

Senator LUNDY—How often are council members at the Museum paid remuneration for their services?

Mr Morton—They are paid on a monthly basis.

Senator LUNDY—Is there any particular reason that they are paid monthly and not quarterly or biannually like everyone else?

Mr Morton—I am not aware of there being a special reason. I think that was the decision that was taken shortly after the Museum opened.

Senator LUNDY—Was that a board decision?

Mr Morton—I would have to check that, but I believe it was.

Senator LUNDY—Were you present at board meetings back then?

Mr Morton—I was present at occasional board meetings back then, but I do not believe I was at a meeting when that particular subject was discussed.

Senator LUNDY—Would you be able to take on notice whether it is true, because my information has it that Mr Christopher Pearson personally requested that the remuneration be paid more regularly than otherwise? I am not suggesting that there is anything improper about this, because my understanding is that it is up to the board to determine that, but clearly it is outside of custom and practice for that to occur.

Mr Morton—I am happy to take that on notice and see if there is any information that we might have there.

Senator LUNDY—And also if there is any rationale that the board has drawn as to why that is appropriate.

Mr Morton—Yes, Senator. I will go back and see if there is anything in the board minutes.

Senator LUNDY—How does the Museum advertise its vacant staffing positions?

Mr Morton—It varies from time to time. Generally speaking, they are advertised on the Museum web site, in the *Gazette* and in the press.

Senator LUNDY—To what degree you advertise in the national press for senior positions at the National Museum?

Mr Morton—Some we advertise in the national press and some we do not. I am aware that the most recent senior position that we have advertised was advertised on the Museum web site, in the *Gazette* and in the *Canberra Times* only.

Senator LUNDY—That is why I am asking this question. Why was it advertised only in the *Canberra Times* and not in the national press?

Mr Morton—I took the decision that there was a wide field of interest, particularly in the ACT, that the museum community is such that there is a ready spread of information in relation to jobs which are becoming vacant, and that museum professionals are constantly looking at web sites of the major museums to see what is available. And it transpired, I have to say, in terms of the outcome of the advertisement, that we got a wide range of applications I think from most states and territories, and I think I can say that we have a very good field for that position.

Senator LUNDY—Were you trying to save money?

Mr Morton—No. I suppose it was a decision about what would be sufficient to produce the sort of field that we could make a good choice from.

Senator LUNDY—Will you continue to advertise only in the *Canberra Times*, given your experience with this, or is it perhaps more appropriate to use the national newspapers? It is not that I am plugging for you to put ads in the national newspapers over the *Canberra Times*. You should advertise wherever it is appropriate. But the point has been made to me that

perhaps it is not appropriate not to advertise nationally when, of course, it is a national institution.

Mr Morton—It is national in the sense that the *Gazette* is a national publication; the web site is nationally available as well. We will take that decision position to position. But, at the moment, as I say, I am very happy with the outcome of the way it was advertised.

Senator LUNDY—What is the staff turnover rate at the National Museum?

Mr Morton—I will have to take that on notice, Senator. My perception is that staff very much enjoy working there and do not like to leave. Certainly during the time that I have been there I have not discerned any significant staff movement, but I would need to take that on notice to give you the actual percentage.

Senator LUNDY—What is the Museum's collection valued at?

Mr Morton—It is of the order of \$130 million.

Mr Brocklehurst—That is right.

Senator LUNDY—Can you describe what has been happening with your insurance premiums over the last 12 to 18 months?

Mr Morton—Our insurance premium has increased, and we have received budget supplementation of the order of \$300,000 in the last budget to cover that increase.

Senator LUNDY—I do not know if you heard the previous evidence given by Dr Kennedy, but he was speaking of a general increase in insurance premiums covering collections. Has that been your experience?

Mr Morton—Yes, I believe so. Mr Brocklehurst may be able to add to that.

Mr Brocklehurst—Yes, the insurance premiums have increased generally across the board, not just collections, although it is similar to the industry as a whole.

Senator LUNDY—Does the \$300,000 increase in funding you got in your allocation cover the increase in your insurance premium or was the increase in your premium greater?

Mr Brocklehurst—There was a formula to determine that increase. It covered the majority of it. It is a Department of Finance and Administration cross-agency formula.

Senator LUNDY—Impenetrable, no doubt. How does the Museum go about collecting and purchasing artefacts and other materials for its collection? I am not asking so much about the collection policies, but how would you go about identifying an artefact for potential acquisition and then following that through?

Mr Morton—An article may come to our attention because somebody wants to sell it to us. Our curators regularly peruse the auction catalogues, and if an object comes up which seems that it would be an appropriate part of the national collection we require the relevant curator to provide a brief, which would take into account the value of the object, the condition of it, the provenance of it, how it would fit into the collection and how it would enable us to tell a story around it, whether there would be any difficulty in maintaining it or storing it. We would have a range of those considerations and then, on that basis, the executive of the

Museum would make a recommendation to me and I would decide whether we would go ahead with that purchase. In some cases, depending on the value of the object and its rarity, we might consult members of the council.

Senator LUNDY—Has it ever been the case that a board member has been given authority to personally purchase for the collection, and by that I mean undertake to do the task—to go there, to purchase and to bring the artefact back to the Museum?

Mr Morton—Not in my recollection. We certainly encourage council members to beg, borrow and—

Senator Kemp—And anything else.

Mr Morton—And any other way that they can get hold of items for our collection.

Senator Kemp—Within the law.

Mr Morton—Within the law, as the minister adds. But, if you mean do we actually provide them with Museum funds to go out and purchase, it certainly has not happened during my time at the Museum, and I am not aware of it having happened in the past.

Senator LUNDY—Can I ask you then specifically whether Mr Christopher Pearson has ever gone out and personally purchased artefacts on behalf of the Museum?

Mr Morton—I am not aware of that. I do know that Mr Pearson was involved in the bringing into the collection of the Chifley pipe, which was shown in the paper the other day, because he was aware of the people who had had it and who were prepared to give it to us. I do not believe that that involved a purchase, but I would have to check that. But I can say quite categorically—

Senator LUNDY—What about the Chifley diaries? Was he involved in that?

Mr Morton—I would have to check that. I have no direct knowledge of that. But, generally speaking, it would not be our policy to enable our council members to go and purchase things.

Senator LUNDY—Are you aware whether Mr Pearson has asked the board that board members personally be able to make purchases?

Mr Morton—He has never raised it in my presence, and—

Senator LUNDY—And you attend board meetings, don't you, Mr Morton?

Mr Morton—I do. It is not something that I have ever heard discussed.

Senator LUNDY—Could you take on notice whether or not Mr Pearson was flown at Museum expense, or indeed his own expense, to purchase the Chifley diaries on behalf of the Museum?

Mr Morton—I will take that on notice.

Senator LUNDY—And any costs associated with that. We do not know if this is the case, but if it is, Minister, that surely would not be behaviour by a member of the Museum council that you would support?

Senator Kemp—I was actually sort of thinking about the Chifley diaries and the Chifley pipe, and I would have thought that you and your own party would have been delighted with such a purchase.

Senator LUNDY—I am not questioning the merits of the acquisition. I am questioning how it was done.

Senator Kemp—This is actually important. I know nothing about this. This is completely news to me, but what did I take out from your discussion? I was interested to know that the Museum had purchased the Chifley diaries and the Chifley pipe. You would probably approve of that, would you not? You would think that that was a good thing for the Museum to have, would you not?

Senator LUNDY—Indeed.

Senator Kemp—Okay. You strongly support the fact that these items were collected. Then I took some information that maybe Christopher Pearson knew the owners of this and maybe was able to negotiate—

Senator LUNDY—I think, of the pipe—I have no knowledge of whether he knows the owners either.

Senator Kemp—I do not know. I am just saying that there seemed to be some hint that he may have known these people. He secured these things for the Museum, which has the strong approval of the Labor Party and presumably of people who are interested in Australian history. Having done this, what should be the involvement of a member of a board? It seems to me that, if a member of a board can identify something that is worth while to a museum, that is a plus. We would want board members to keep their eyes open. In order to secure these, did it make sense for the board to fly him somewhere? I do not know. That is a matter for the board, and I think you judge each case on its particular merits. This is where I think these committees go completely off track. It seems to me that we have secured some artefacts—or whatever you may call them—for the Museum, which you strongly support, but because of your detestation of Mr Christopher Pearson—

Senator LUNDY—Your words, not mine.

Senator Kemp—No, that is said after assessing your comments about him over a period of time. You object to the fact that he has been able to secure these things. I would have thought you would have thanked him for that rather than attacking him, to be quite frank. As for the role of the board, I leave that to the board, actually. The acting director and the director have to manage those things. I do not think a minister micromanages those things—at least I do not, and I do not think you would if you were ever in my position. But I am glad that you endorse the fact that these particular items were acquired for the Museum.

Senator LUNDY—As I said, the issue is how it was done and the propriety of how it was done, not the items themselves.

Senator Kemp—How it was done? Let us assume that he actually knew the owners and was able to persuade the owners to provide these things to the Museum. I do not know

whether that is the case or not. Wouldn't it be a matter for some praise for him, rather than criticism? This is loopy stuff, I have to tell you.

Senator LUNDY—That concludes my questioning on the estimates for the National Museum.

CHAIR—I thank the representatives of the National Museum for appearing.

Proceedings suspended from 8.53 p.m. to 9.10 p.m.

Australian Business Arts Foundation

Senator LUNDY—I turn first to funding relating to the Australian Business Arts Foundation. Can you provide a breakdown of how ABAF's budget is distributed amongst the programs in order to fulfil the role that they talk about filling—increasing private sector support for Australia's cultural life?

Ms Bean—I do not have a breakdown with me. I will have to take it on notice.

Senator LUNDY—How much funding does the department give to ABAF?

Ms Bean—The department funds ABAF for, I think, \$1.6 million from the Cultural Development Program, which is an administered program run through the department. So it is not out of departmental funds.

Senator LUNDY—Through the Cultural Development Program?

Ms Bean—Yes. The amount is actually \$1.652 million in 2004-05.

Senator LUNDY—What was it last financial year?

Ms Bean—It was \$1.665 million.

Senator LUNDY—There is obviously a minor difference in funding there. Is there any reason for that?

Ms Bean—These are just technical adjustments. I do not know the composition. It is a funding formula given to us by DOFA, basically.

Senator LUNDY—Are you able to break down the \$1.652 million in the forthcoming budget and disaggregate that figure in any way?

Ms Bean—Not at the moment, no.

Senator LUNDY—Could you take that on notice?

Ms Bean—Yes, I will.

Senator LUNDY—Do you have figures relating to the level of corporate sponsorship of ABAF?

Ms Bean—No, I do not.

Senator LUNDY—Do you have a list of corporate donors to ABAF?

Ms Bean—No.

Senator LUNDY—Do you know what the total cost of hosting the ABAF annual awards night will be, or was last year, perhaps?

Ms Bean—No, I do not.

Senator LUNDY—Do you know anything about ABAF?

Ms Bean—Well, I can tell you who is on the board.

Senator LUNDY—What accountability mechanism is there with the department for the expenditure of the \$1.652 million?

Ms Bean—There is a funding agreement with ABAF which has performance indicators in it.

Senator LUNDY—Could you provide that to the committee?

Ms Bean—Yes, I presume so. I cannot see any reason why not.

Senator LUNDY—So you cannot even provide a description as to what that \$1.652 million would be spent on within the ABAF organisation? I am asking you to give me as full an explanation as you are capable of for the \$1.652 million expenditure of taxpayers' money.

Ms Bean—What it is intended to be is their basic running costs. So that provides their salaries and the basic expenses that they have. It also enables them to run a number of their programs—the advice bank program, for example, and some of their training programs. They have a board bank program. There is the council network as well, although I think some of that is funded in partnership with some states. There are different arrangements in each state.

Senator LUNDY—What about arts support?

Ms Bean—Yes, it provides for one salary for that. That is a joint project with the Australia Council, so one person is employed by ABAF—the person in Melbourne is employed by ABAF—and the person in Sydney is employed by the Australia Council. Some administrative support is provided to individuals.

Senator LUNDY—When you say administrative support, do you mean another partial position?

Ms Bean—For example, they use the receptionist or some secretarial support. It is general support. I cannot say you could actually identify it as half a job or something, but I will check and give you the full breakdown of what support is provided to the ABAF person in Melbourne.

Senator LUNDY—Could you try as part of that breakdown to attribute various proportions of that funding to each of ABAF's roles, if that is possible from the department's point of view.

Ms Bean—Certainly.

Senator LUNDY—The Regional Arts Fund has been renewed, with \$10.7 million to be provided over four years. There is an average of, I think, \$2.5 million provided in each year. Can you give me the exact figures for the previous four years and then the figures that were announced in this year's budget?

Ms Bean—For the forthcoming four years, it is \$2.6 million in 2004-05; \$2.652 million in 2005-06; \$2.710 million in 2006-07; and \$2.770 million in 2007-08.

Senator LUNDY—And the previous four years?

Ms Bean—I will take that on notice. I do not have it with me.

Senator LUNDY—Does the department administer this funding specifically, or do other organisations play a role in administering these funds?

Ms Bean—Certainly other organisations play a role. The way it is managed is that day-to-day administration is essentially devolved to the regional arts organisations in each state, and in the two territories it is run by the territory arts ministries. We have a funding agreement with the regional arts organisation in each state. They report to us with recommendations. Some money also goes to Regional Arts Australia, which is the peak body for the regional arts organisations. A small amount also goes to the Australia Council.

Senator LUNDY—How much goes to the Australia Council?

Ms Bean—I understand it is in the order of \$100,000 a year.

Senator LUNDY—What is that for?

Ms Bean—That is for strategic projects.

Senator LUNDY—Like what?

Ms Bean—Two examples from last year are the tour of *Grease* around regional Australia and the Queensland biennial music festival.

Senator LUNDY—Why is that? There might be a very obvious answer to this, but why does the money come through the cultural development fund to the Regional Arts Fund and then back to the Australia Council for those types of projects?

Ms Bean—It does not go through regional arts to the Australia Council.

Senator LUNDY—It is Regional Arts Fund money.

Ms Bean—It is Regional Arts Fund money, yes. So all the money is appropriated in the Cultural Development Program as Communications, IT and the Arts portfolio administered money. It is devolved to the regional arts organisations primarily because it is intended to be a grassroots program. It would probably have been three or four years ago when the arrangements were changed. That was seen as a way of getting the money directly to the communities.

Senator LUNDY—What is the rationale behind the \$100,000 going to the Australia Council?

Ms Bean—That goes from us to the council.

Senator LUNDY—Part of the regional arts appropriated fund?

Ms Bean—Yes.

Senator LUNDY—What is the rationale behind that?

Ms Bean—It was before my time, actually. It was done about four years ago. I understand that it is to enable national type projects to happen rather than local projects. The *Grease* tour is a good example.

Senator LUNDY—Why wouldn't the *Grease* tour have been funded through Playing Australia?

Ms Bean—I do not know whether they did apply to Playing Australia, but on the face of it I cannot see why they would have been excluded from applying.

Senator LUNDY—Would it have been that they missed out on Playing Australia funding and this was a second bite?

Ms Bean—I would be speculating. I do not know the answer.

Senator LUNDY—Could you take it on notice to provide a full breakdown of how that Australia Council allocation from the Regional Arts Fund has been spent over the last three years—

Ms Bean—Certainly.

Senator LUNDY—and the decision making process around the allocation of that funding.

Ms Bean—The Australia Council's money?

Senator LUNDY—Yes.

Ms Bean—Yes.

Senator LUNDY—I presume the Australia Council makes those determinations?

Ms Bean—Certainly they do, but I do not know whether it actually goes to the council. It might be made by the staff—by the CEO, for example. I do not know.

Senator LUNDY—That just muddies it further. Could you provide full details, whether it is the council or staff. However this money is spent, I want to know how, who, why, what and where.

Ms Bean—Certainly.

Senator LUNDY—You will probably need, obviously, the cooperation of the Australia Council, so I should say for the record that this perhaps technically constitutes a question for them on notice as well.

Ms Bean—I have no doubt that I will have the cooperation of the council.

Senator LUNDY—Good luck. I will be interested. On that basis, has it been determined that, of each of these annual allocations to the Regional Arts Fund, \$100,000 will go each year to the Australia Council?

Ms Bean—That was until 2003-04. Ministers have not yet made decisions on the break-up for the renewed program. That is for 2003-04 and before.

Senator LUNDY—Could you go back that three years and show us what it has been spent on, and take on notice the process for breaking up those allocations for this coming financial year?

Ms Bean—That would be a decision for the minister. We will certainly put a recommendation to him.

Senator LUNDY—Sure. When will he make that decision?

Ms Bean—At the moment, we are proposing to consult the regional arts organisations to finalise guidelines and procedures. Once that is done, which I imagine will take a matter of weeks, we will be putting a recommendation to the minister.

Senator LUNDY—Will you be recommending that the Australia Council gets \$100,000 of this money, as they have been used to?

Ms Bean—I have not considered that aspect in detail at this stage.

Senator LUNDY—So it is a possibility? It does not really matter. If you have not decided, you have not decided.

Ms Bean—We have not decided, no.

Senator LUNDY—But unless you can tell me that you have specifically ruled it out, we can presume that it is possibly going to be an outcome.

Ms Bean—There has certainly not been any discussion about not funding the council. But we have not considered numbers.

Senator LUNDY—All right. That is \$100,000 of the \$2.6 million allocation. How much does Regional Arts Australia itself receive out of that fund?

Ms Bean—It got \$70,000 in 2003-04.

Senator LUNDY—What is that used for?

Ms Bean—The majority of the funding goes to the biennial regional arts conference.

Senator LUNDY—So they save it up for one year and then spend twice because it is biennial?

Ms Bean—They have work to do in planning and preparing for the conference that takes place—

Senator LUNDY—Did you say biennial?

Ms Bean—Every two years.

Senator LUNDY—That is biennial. So it is every two years, not every six months?

Ms Bean—That is correct.

Senator LUNDY—That is what I thought. So if it is a \$70,000 annual allocation they just hold some of that over for expenditure on the conference?

Ms Bean—My understanding is that they actually have expenditures across the two financial years.

Senator LUNDY—Relating to what, other than the conference?

Ms Bean—Well, in relation to the conference. For example, they might be printing the programs or printing material ready for the program. If the conference is held in September, you are going to spend some money in one year and some money in the other year.

Senator LUNDY—How else do they acquit that money?

Ms Bean—I do not know what the rest of it is spent on. I will have to take that on notice.

Senator LUNDY—Thanks. So that is \$170,000. How else is the Regional Arts Fund distributed?

Ms Bean—The rest of it goes to the states and territories—as I said, to the regional arts organisations in each state and to the two territory arts ministries.

Senator LUNDY—How do you acquit that funding? Do you keep records of all of the grants that are made?

Ms Bean—Indeed.

Senator LUNDY—Can you tell me what percentages are spent in each state and territory?

Ms Bean—No. We do not have the numbers with us.

Senator LUNDY—Can you take that on notice?

Ms Bean—Yes.

Senator LUNDY—And the dollar figures?

Ms Bean—Yes.

Senator LUNDY—Are you aware of whether the Regional Arts Association receives other Commonwealth funding, including through the Australia Council?

Ms Bean—I understand that it does receive Australia Council funding. I do not know of other Commonwealth funding.

Senator LUNDY—Can you take that on notice?

Ms Bean—I know Country Arts WA, a Western Australian organisation, has received money from Playing Australia in the past. As with any organisation, they are entitled to apply for project funding through whatever avenues are available. As far as I am aware, the Australia Council provides some funding to Regional Arts Australia itself. I do not think it provides any to the individual state based organisations, but I will certainly give you the full details on notice.

Senator LUNDY—When you are doing the state breakdown, could you identify the actual organisations that receive Regional Arts Fund funding as well?

Ms Bean—Such as Country Arts WA?

Senator LUNDY—Thanks. Can you provide details of the expansion of the National Institute of Circus Arts?

Ms Bean—The operational funding, or the capital funding?

Senator LUNDY—Both. Perhaps we will talk about the operational funding first.

Ms Bean—NICA will be provided with an additional \$2.4 million over four years starting in 2004-05. This will cover production costs for student performances and the employment of further staff and will enable NICA to bring salaries into parity with the rest of the arts training sector and fund the immediate rental of a rehearsal space needed urgently to accommodate current students, not all of whom can train together in the existing space.

Senator LUNDY—How many students are there currently?

Ms Bean—I am not sure that I actually have that number.

Senator LUNDY—It is okay. We will move on. The \$6 million for the premises?

Ms Bean—This will enable the construction of a training and performance venue adjacent to its current premises.

Senator LUNDY—The ones they are leasing?

Ms Bean—Sorry—I have found how many students there are.

Senator LUNDY—Very good.

Ms Bean—There are 69 full-time students and 300 annual community participants.

Senator LUNDY—Very impressive. Just to clarify, this construction of the premises will offset the cost of leasing the premises that they are having to do urgently?

Ms Bean—Yes. Clearly, the construction of a building will take some time. I do not know, because the building is not built at this stage, whether there will still be a need. That is a couple of years out, obviously.

Senator LUNDY—What details are known about the location of the building—or what is the thinking around the location of the building?

Ms Bean—NICA is part of Swinburne University and it is located on Swinburne land.

Senator LUNDY—So the new facility will be on Swinburne land?

Ms Bean—It will be adjacent to current premises. There is land at the back, around the corner. ‘Adjacent’ is probably the easiest word to use.

Senator LUNDY—Will they get a land grant, or will that land be available at no cost?

Ms Bean—I am not sure that some of these details have actually been finalised with Swinburne. It will remain Swinburne land, as I understand it, and Swinburne is making the land available to NICA.

Senator LUNDY—Playing Australia, with the intense lobbying effort leading up to this budget, had a very well-understood claim to double the funding. Both Regional Arts Australia and the Australian major performing arts groups intensely lobbied for that increase. It did not eventuate. There was an increase of an additional \$2 million a year for four years. I wanted to ask the minister—but he is not in the room—about the rationale behind not providing a further increase to Playing Australia, given the obvious case that was made by them. Is this really just a situation where the pie was not big enough and so they got some but not all, or is there a genuine rationale behind \$2 million as opposed to any other figure?

Ms Bean—That was a decision for the government.

Senator LUNDY—How much did the department argue for?

Ms Williams—That is advice to the government and the minister.

Senator LUNDY—It was worth a try. Playing Australia obviously has a critical role. In the light of some of the controversy surrounding the last distribution of Playing Australia funding, is the department planning or is the government envisaging any changes to the way Playing Australia funding is distributed? I know it is a very complex process.

Ms Bean—It is a decision for the government, obviously. The department is currently considering—

Senator LUNDY—The minister is here. We have had to drag him away from the State of Origin.

Senator Kemp—What is your problem?

Senator LUNDY—I am just trying to get an insight into the Playing Australia increase and whether there was any specific rationale in the amount of the increase to that particular program, particularly in the context of the lobbying effort seeking very specifically to double the amount. There is also the issue of whether or not the government is contemplating any changes to the way the Playing Australia funding is distributed in the light of the Bell Shakespeare debacle earlier on.

Senator Kemp—In relation to the increase, I have always regarded Playing Australia as a significant priority in the portfolio. My views on Playing Australia are pretty well known. I was delighted that we were actually able to get such a substantial increase. Of course some people would always like more, and I do not blame them. But the \$2 million increase is a 50 per cent rise in the funding of this program. I think it is an excellent result. I was delighted by the response that I received from a large number of people, actually. It is very rare for ministers to get calls saying ‘thank you’ and ‘well done’, but I confess to having received a few on this. I was particularly gratified by that. I had worked quite closely with quite a few groups that were involved with Playing Australia and I had become convinced of the need for a significant increase. Personally, I regarded the 50 per cent increase as very satisfactory.

What does this mean for the guidelines? I have suggested that the convenor of the committee, Ms Keyte, convene a meeting and review in the light of this increase whether we should provide any changes to the guidelines to accommodate particular needs which may have emerged. We obviously have some funding available to meet a wider range of needs. So I do want people to have a closer look at it. I am not particularly advocating a change but I think it does make sense, in the light of this significant increase, to have a close look. I expect the Australia Council to be involved and the department to be involved, and I hope to receive some advice as soon as practicable from them. I think, to use a well-worn cliché, we get a lot of bang for our buck out of Playing Australia.

Senator LUNDY—Yes, I have heard you use that expression before.

Senator Kemp—I know. I do not claim it is original, but it does express rather well what I think. The organisation is, not surprisingly, very supportive of it. It means that a lot of things happen in Australia that would not happen without that money. So, yes, it is a high priority at the moment.

Senator LUNDY—And do you envisage any changes in the way the program is managed?

Senator Kemp—I do not know. I think one of the things that I am particularly keen to see is what we can do to get appropriate individuals or groups or companies to tour to very remote areas of Australia. If you are going to very remote areas, there are certain groups which clearly could not take advantage of that. But I would be quite keen to see what we can do to really encourage tours to places where they would not normally receive tours. There are a lot of things we do support, such as acts from the comedy festival. You do not need a big theatre for them. They might have a pub or they might be in the open air. To get some of those very talented young people out seems to me to be a very good thing both for them and for the remote communities that can benefit from their talent. Equally, there would be some bands and other things. I think the potential in that area is terrific, actually.

Senator LUNDY—Indeed.

Senator Kemp—I am glad you are excited by it.

Senator LUNDY—I think you have given enough excitement for all of us at the committee.

Senator Kemp—That is good. What is your next question?

Senator LUNDY—Did you take a proposal of a greater increase to cabinet?

Senator Kemp—Senator, we never discuss those things.

Senator LUNDY—You did, did you not?

Senator Kemp—As I said, we never discuss those things. I am very pleased with the outcome. That is what I can say. If you can get a 50 per cent increase in a program, I think you are doing pretty well.

Senator LUNDY—How come it took you so long?

Senator Kemp—I have only been in the portfolio for two and a bit years.

Senator LUNDY—I think that is more a rhetorical question with respect to the whole of the Howard government as opposed to you personally, Senator Kemp.

Senator Kemp—I would not set up those sort of standards. I think people would actually think I have done pretty well in that area. That is what I think they would think.

Senator LUNDY—With regard to Arts Indemnity Australia, do you have any plans to provide insurance assistance to the performing arts in the way that additional funding was provided to the touring visual arts exhibition?

Senator Kemp—That is, of course, really designed for the visual arts and to meet what is really quite a significant problem. There are not any proposals that I have before me on that to deal with that. Insurance is an issue. I have made this point before. A lot of the insurance

issues are really state government issues. The Commonwealth does have a role, but it is basically a limited role. I have rather hoped that you could work with your state colleagues. I think, frankly, some of the states have dragged their feet in this area. If you speak to surf lifesaving and some of the sporting organisations, there is a lot more state governments could have done, to be quite frank. Some have done quite well. I think it is true that the Carr government has probably led the charge amongst the states. But I think this is a classic case where a Labor shadow minister can perform a very effective role, actually. I did urge you to write to your state colleagues. I do not know whether you did or not. Did you? No, you did not.

Senator LUNDY—I am not listening to you, Minister. I am conscious of the time and you are just waffling.

Senator Kemp—You asked me about insurance. I said we have not got plans to extend it. I said I thought insurance is a problem. I thought some of the state governments had not performed particularly well and I suggested in the past that you might like to write to them and you have not done anything. That is not a very serious approach to insurance issues.

Senator LUNDY—I am not commenting on what I have or have not done.

Senator Kemp—Yes, well, I am.

Senator LUNDY—Minister, can you tell me if the Education Lending Right scheme is now a permanent program?

Ms Bean—It is a lapsing program for four years.

Senator LUNDY—It is a four-year program?

Ms Bean—It is a lapsing program, which means it goes into the forward estimates but it gets reviewed.

Ms Williams—It means it is subject to review after four years.

Senator LUNDY—I submitted some questions on notice to the department. I note that this committee has not yet received answers to questions Nos 228 and 241 relating to programs within the department in corporate. These questions were due on 2 April and everyone else has got them in.

Ms Williams—I apologise for those. It is because they were made quite complex by the changes in the department, for example, to ScreenSound and Qwestacon. We should have them in fairly quickly, but they have been quite complex. As you know, those corporate ones were quite involved and most of those few have got extra complexities.

Senator Kemp—I think some of the questions have involved a huge amount of work for the department, actually. There is a certain amount of resources that one is prepared to devote to these questions. Frankly, I cannot recall these questions off the top of my head but, if they require huge amounts of resources, with apologies, you will just have to wait. We cannot pull everyone off key jobs so that they can provide answers to very long-winded questions.

Senator LUNDY—No. But the department, or indeed your office, could have notified the committee about the fact that there was a delay because of the complexity. We would have understood.

Senator Kemp—We are happy to do that. In fact, we might use that facility more, actually.

Senator LUNDY—It certainly is helpful if the committee understands. We then know that the department has passed the questions to your office.

Senator Kemp—I am here to serve, so we will see what we can do.

Senator LUNDY—So when can we expect those answers?

Ms Williams—I cannot give an absolute date, but I would say in the very near future.

Senator LUNDY—With all due respect, the committee has set an absolute date.

Senator Kemp—Senator, we will do it as soon as we can. I am not pulling even further resources to these questions.

Senator LUNDY—It is not about you; it is about the department and their obligations to the parliament.

Senator Kemp—I am actually the minister. Frankly, if the secretary says this is taking up too many resources, I will review it. I may well advise the committee that I am not prepared to direct that resources be applied to these questions. Frankly, some of these questions—

Senator LUNDY—I will refer that little statement to the Senate.

Senator Kemp—You can do that. The Senate will probably commend me for my good sense and sensible use of taxpayer resources.

Senator LUNDY—In terms of the Cultural Development Program, the funding allocated is \$46.971 million in 2004-05. In 2003-04, the figure was \$48.823 million. Can you tell me why there has been a decrease of \$1.852 million?

Ms Williams—An amount of \$6 million of the NICA money is actually in 2003-04, which puts 2003-04 up.

Senator Kemp—That is right.

Senator LUNDY—Sorry, \$6 million of what?

Ms Williams—The NICA money is actually in 2003-04, which raises that.

Senator Kemp—In other words, that has been brought forward into the current year.

Senator LUNDY—Sorry, but I do not understand how that can account for a decrease if it was brought forward.

Senator Kemp—Because you are boosting the base year. If the base year was, for example \$100,000 and the next year was \$104,000 and then you made an allocation of \$6 million but you have had that paid in the base year, the base year would go to \$106 million and the out year would be \$104,000. Therefore, it would be an apparent fall in funding. But in fact it is good news, not bad news. It may be counterintuitive, but that is the explanation.

Senator LUNDY—Can you please provide me with a breakdown of expenditure under the Cultural Development Program for 2003-04.

Ms Bean—We will take that on notice.

Senator LUNDY—Can you provide the figures now?

Ms Bean—I do not have the exact details here.

Senator LUNDY—Obviously one of the items was NICA.

Ms Bean—Indeed. The Cultural Development Program is composed of several elements. Obviously, things go in and out each year. The NICA one I have a brief on—

Senator LUNDY—Let us go through them. The Regional Arts Fund is in the program.

Ms Bean—The Regional Arts Fund is in the Cultural Development Program.

Senator LUNDY—And how much was that number that we discussed earlier for 2003-04?

Ms Bean—It is \$2.6 million.

Senator LUNDY—And how much was NICA?

Ms Bean—That was an additional amount. Let me find it.

Senator LUNDY—How much does Film Australia receive?

Ms Bean—I do not have that number.

Senator Kemp—We might take these on notice.

Senator LUNDY—If you are taking that on notice, could you also take on notice the 2004-05 figures?

Ms Bean—Certainly.

Senator LUNDY—So you cannot tell me Visions of Australia received any under the Cultural Development Program?

Ms Gosling—I do not have the exact figures here, but the Visions allocation is generally in the order of \$1.8 million per annum indexed, but we will include that in the breakdown of the Cultural Development Program.

Senator LUNDY—Can you give me an idea of the figure for Festivals Australia?

Ms Bean—That is less. It is around \$960,000.

Senator LUNDY—Is there further funding for the Contemporary Music Touring Program?

Ms Bean—Yes. That is \$250,000 per annum.

Senator LUNDY—Can you give me a breakdown of the funding to the national training institutions? I presume NICA is one of them.

Ms Bean—There are eight or nine of them. There is NIDA, NICA, NAISDA and NAN. There is seven.

Senator Kemp—The fruities.

Ms Bean—The Flying Fruit Fly Circus, yes.

Senator Kemp—YMA.

Ms Bean—Well done, Minister.

Senator Kemp—NAM. I know them all backwards. The Australian Ballet School.

Senator LUNDY—So can you give me the overarching figure to all of those? We already know what NICA is.

Ms Bean—I do not have that, I am afraid.

Ms Williams—Could we come back to those numbers because we just do not have the details here?

Senator LUNDY—You can, but I do not want to wait three months for it like I have for the past three.

Senator Kemp—Don't be rude; we'll give you the figures.

Senator LUNDY—When are questions due for this round of estimates, Senator Eggleston? Have we determined that?

CHAIR—On 6 August.

Senator Kemp—Mr Chairman, I do not want officers to be rude to senators and I do not want senators to be rude to officers.

Senator LUNDY—I do not mean to be rude, Minister.

Senator Kemp—That is good. Do not get yourself in a position where people can be annoyed.

Senator LUNDY—I find it slightly frustrating that this is a substantial element of the budget and yet officers at the table have not brought the information.

Senator Kemp—I find it a bit frustrating that, if you want these figures, you have not given notice so that we can all have them here. We can all be frustrated. I think we are happy to answer questions, but I think they should be put courteously.

Senator LUNDY—I have a question about the way the PBS is laid out. On pages 48 to 51, table 2.1 has all the performance information for the departmental outputs. I notice that these tables in most of the other agencies and, indeed, outcomes have a price at the bottom of them. There is no price at the bottom of these descriptors for these particular outcomes. It is pages 45 to 49.

Ms Bean—The prices are in the boxes at the front.

Senator LUNDY—It is a layout thing. Everyone else has their price at the bottom of the particular outcome. This outcome in the department does not. Is that an oversight? I know the figures are there.

Ms Bean—I am not sure what you are looking at, Senator. Are you looking at outcome 1 or outcome 2 because I thought we were on outcome 1 at the moment?

Senator LUNDY—No, I am looking at outcome 1. It is pages 45—

Ms Bean—The total price is at page 40.

Senator LUNDY—Yes, I know that. It is just a question of how it is laid out.

Ms Williams—We actually followed the format.

Senator LUNDY—So no-one else did?

Ms Williams—I do not know, but we—

Senator LUNDY—No, I just think it is odd.

Ms Williams—We put the prices, as was being said, at page 40 et cetera.

Senator LUNDY—It just seems that some of them have done it and others have not. It is just curious. It is no big deal. I do note that there has been a decrease in appropriations and funding for outcome 1 of DCITA. The 2003-04 total appropriations were \$199 million. In the 2004-05 budget figure, this was \$167 million. Why is that? A proportion of it relates to ScreenSound?

Ms Bean—And Questacon.

Senator LUNDY—And Questacon. So Questacon went out, ScreenSound went out?

Ms Bean—Yes. That would be the box.

Senator LUNDY—I know we went through all those figures.

Ms Bean—There are a number of ins and outs on this one.

Senator LUNDY—Can you run through them quickly?

Ms Bean—This is from additional estimates onwards, so ScreenSound and Questacon were changed at AEs. It is \$0.623 million for Educational Lending Right; minus \$1.6 million, which is transferred from departmental to administered; plus \$0.048 million for increased Comcover premium; minus \$2.3 million because the book industry statistics and Books Alive program were completed; minus \$0.129 million is a decrease in departmental funding for ELR; minus \$0.44 million is for the changing allocation of overheads. That is corporate overheads, basically.

Senator LUNDY—There still seems to be, just on my rudimentary calculations, which I do not think included that, a discrepancy of some millions of dollars.

Ms Bean—Can I ask what 2003-04 number we are looking at? If it is from last year's PBS, it would be for ScreenSound and Questacon?

Senator LUNDY—But the total appropriation is \$199.42 million. That is in last year's PBS.

Ms Williams—Can you tell us where you get the figure from?

Senator LUNDY—The PBS from last year's budget.

Ms Bean—Yes. That would primarily be ScreenSound.

Ms Williams—That is ScreenSound and Questacon.

Ms Bean—The adjustment was made for that.

Ms Williams—It is ScreenSound, not Questacon. Questacon was moved straight away.

Senator LUNDY—Can you take on notice reconciling that with a list of all of those ins and outs that you described so it adds up, hopefully.

Ms Williams—Yes.

Senator LUNDY—And if it does not, can you provide an explanation why it does not and what you are using that money for. I have a couple of questions relating to Old Parliament House and the National Portrait Gallery and their respective collections. I also have some questions I would like to place on notice for the minister relating to matters of the Film Finance Corporation. It is the loss by the Film Finance Corporation in 1997 of the majority of its investment in the children's animation series for television called *Crocadoo II* produced by Energee Entertainment. I will place them on notice. Most of the questions are directed to the minister and, indeed, the department. That is why I have made a decision to put them on notice here rather than with the FFC. You may need to work with them to develop an adequate response. There is quite a number.

Ms Williams—Yes.

[10.01 p.m.]

Department of Communications, Information Technology and the Arts

Senator LUNDY—Is there a disaggregated figure available for the funding of Old Parliament House and the National Portrait Gallery respectively?

Ms Cowie—As at the 2003-04 PBS, Old Parliament House and the National Portrait Gallery combined were estimated to receive revenue from government of \$13,414 million. We also had depreciation funding for our building, which in 2004-05 is expected to be in the order of \$5.635 million. We also had depreciation funding for our furniture collection, which is expected to be \$117,000 in the coming year.

Senator LUNDY—So what will be the total funding for Old Parliament House in 2004-05?

Ms Cowie—We are a branch of the department and so the processes are still working through our funding for next year for running costs.

Senator LUNDY—So is that figure of \$13.414 million indicative of the sort of allocation that will be made to Old Parliament House in the next financial year?

Ms Cowie—I would expect so.

Senator LUNDY—Are there any reasons that are able to be identified why that would vary? Any building works—

Ms Cowie—They are subject to discussions at the present time.

Senator LUNDY—or any crises in the airconditioning or anything like that?

Ms Cowie—Airconditioning and any major works which are related to the building come out of our depreciation funding. So that includes service upgrades. At the moment, we are expecting to continue work next year on repairing, renovating and replacing the roof.

Ms H. Williams—But such things are ongoing, as you would well imagine.

Senator LUNDY—Yes, I can.

Ms H. Williams—It is a good indication, what you have for last year.

Senator LUNDY—And what about the National Portrait Gallery and the management and operation thereof? What is the figure for 2003-04?

Mr Sayers—It is \$2.35 million. That is for our direct running costs.

Senator LUNDY—Do you have any other sources of funds from the Commonwealth?

Mr Sayers—No.

Senator LUNDY—What proportion is that of the Portrait Gallery's funding or revenue?

Mr Sayers—That is the entirety of our running costs. We have additional donated funds, which are put towards acquisitions.

Senator LUNDY—And how much was that in the 2003-04 year? I appreciate that it has not quite finished yet.

Mr Sayers—In 2003-04, we had donated assets of \$755,000.

Senator LUNDY—And is that indicative of your annual funding arrangements?

Mr Sayers—Yes.

Senator LUNDY—For both the departmental running costs and the donated funds?

Mr Sayers—Yes. The departmental running costs have been subject to slight increases over the past five years. The donations—

Senator LUNDY—Do you get indexation?

Mr Sayers—It is not directly attributed as indexation to the National Portrait Gallery. The increases have been above indexation for about five years.

Ms Williams—As part of the department, you can imagine we get the parameter changes but also the efficiency dividend like everybody else, so it is really a discussion across the department how we can best balance the funds.

Senator LUNDY—So you do not automatically transfer the respective proportion of those inflated—

Ms Williams—No. We have a discussion about where the greatest tensions are.

Senator LUNDY—Is that the same for Old Parliament House as well?

Ms Williams—Yes. Because they are both part of the department.

Mr Sayers—The other part of the equation fluctuates considerably depending on what the donations are in any particular year. So, for example, when we were donated funds to buy the

portrait of Captain Cook in the year 2000, that was a considerable sum of private donations amounting to \$2.5 million. So that does fluctuate.

Senator LUNDY—And in terms of acquisitions, if the Portrait Gallery identified an important acquisition, what capacity does the Portrait Gallery have to make representations to the department or to the minister for a specific grant for that acquisition?

Mr Sayers—The budget has an annual allocation of \$100,000, which has been consistent over the past five years, for acquisitions.

Senator LUNDY—Is that part of your \$2.335 million?

Mr Sayers—Yes. We have on one occasion made a representation, and that was in the exceptional case of the portrait of Captain Cook. But in general terms, we rely on private donations to supplement the acquisitions funds. So the collection is currently being valued. On our last valuation, it had a valuation of about \$10 million. So I think if you do a simple accounting equation and work out that \$100,000 and a collection value of \$10 million, you will find that a considerable amount of the collection value has come in through private donations.

Senator LUNDY—Thanks for that. I think this is a question for you to take on notice. Can the department provide a breakdown of outcome 1.2 relating to Old Parliament House and the National Portrait Gallery, including a breakdown by function and cost to the department for each of the components? I guess the sort of thing I am looking at is the management and interpretation of Old Parliament House as a heritage site of national significance and the management and development of—

Ms Cowie—We can certainly do that.

Senator LUNDY—Okay. Perhaps if I provide this on notice, it will give you a little more direction. You are obviously aware of the functions that you perform. I am looking for as complete a breakdown as possible. Thanks very much.

Senator LUNDY—I will put the rest of my questions on notice.

CHAIR—Thanks very much.

Proceedings suspended from 10.09 p.m. to 10.15 p.m.

Australian Sports Drug Agency

Australian Institute of Sport

Australian Sports Commission

CHAIR—I welcome the Australian Sports Commission and the Australian Sports Drug Agency representatives.

Senator Kemp—We are happy to have at the table John Mendoza leading for ASDA and Mr Mark Peters from the Australian Sports Commission. I really want to start off. Fortunately, I am rarely provoked, as you know, Mr Chairman. In fact, you have commented often that I am a man who is very, very slow to anger. But I have to say one particular statistic that was drawn to my attention in an amazing press release put out by Senator Lundy—it is quite

bizarre actually—suggests that the government slashed sports funding in the federal budget from \$206 million in 2003-04 to \$169 million in 2004-05. That would be a really big cut. I think the sports community would be up in arms if there was anything like such a cut.

Senator Lundy, I have to say that this is not good statistical work on your part. What I think you may have missed is that we plan to bring forward some money to be paid to the Commonwealth Games and, of course, Bathurst. You will remember we had this discussion a little earlier about the base year and when you bring forward money. Frankly, to have made such a gross error or a misleading statement in a press release, Senator Lundy, is inexcusable. I have stated this time and again. No-one believes this government has cut sport. This government has increased funding for sport. This government is very, very committed to sport. There is the famous saying that there are lies, damned lies and statistics. Senator Lundy, I am afraid that, either through your own error or through the errors of others, you have been misled. The government has not cut sports funding. I think this is a good opportunity for you to correct the record and apologise to all those people whom you scared with this outrageous statement.

Senator LUNDY—If you are forthcoming with answering my questions in a timely fashion, we might be able to get the truth of the matter on the record.

Senator Kemp—Don't you find it embarrassing? Maybe you are not embarrassed. If the government brings forward payments for the Commonwealth Games and payments for Bathurst—and this of course inflates the base year—do you not think it is a little rich to say in the following year that sports funding has been slashed? You get the point, do you not, Senator Lundy? It is actually a bizarre comment.

Senator LUNDY—Let us just go through the budget, shall we. We will start with the departmental allocations to outcomes.

Senator Kemp—Do you understand the point I am making? If you do not understand, I will get someone to explain it to you.

Senator LUNDY—Don't be patronising, Minister.

Senator Kemp—But it is such a big error. It is such a ridiculous error. I am astonished that you made it. This government has a fine record of increasing funding for sport. Do you understand what happened? In the base year, we decided to take additional money—moneys were brought forward for the Commonwealth Games and for Bathurst—so that inflated the base year by some \$50 million. Therefore, the next year there may seem to be a decline. The fact of the matter is that we have brought forward money and paid money to important projects which you would support and which your party would support. But to suggest this is a slash in sports funding, Senator Lundy, is a little rich.

Senator LUNDY—Minister, if you are going to keep talking—

Senator Kemp—All right. Do not apologise.

Senator LUNDY—I will get to these issues in my brief. You will have adequate opportunity to answer the questions that I ask.

Senator Kemp—Frankly, it is pretty sloppy work, I have to tell you. It is pretty sloppy.

Senator LUNDY—When you are finished, I will ask my questions about the sports budget and you can answer them.

Senator Kemp—On many other things I can correct the record. Honestly, it does not appear to get through to you. I do think you have a responsibility to either get your figures right or attempt to get them right. It is always the government's fault.

Senator TCHEN—You have too many zeros in the figures.

Senator LUNDY—Six minutes have now been wasted.

CHAIR—You have really got very limited time, Senator Lundy. You have got—

Senator LUNDY—I know I have limited time. I am very conscious that the minister has already tried to start wasting it.

Senator Kemp—We have plenty of time, Senator Lundy. I am just trying to fill in the time. We have to go through until 12 o'clock and we have a couple of hours tomorrow. There is plenty of time.

Senator LUNDY—Indeed.

Senator Kemp—Indeed.

Senator LUNDY—Can you tell me why, according to Budget Paper No. 4, the departmental output figure of \$3.059 million appears rather than \$3.291 million, which is the figure that appears in the PBS? Can you explain that discrepancy?

Ms Williams—Are you on the Australian Sports Commission?

Senator LUNDY—Outcome 2.

Ms Williams—So you are back on the department?

Senator LUNDY—Yes.

Senator Kemp—Back on the department.

Senator LUNDY—These are general figures about the department.

Ms Williams—I thought we were going on to the Australian Sports Commission and the Australian Sports Drug Agency.

Senator LUNDY—That is why we always have you all at the table at the same time.

CHAIR—Are we seeking clarification as to whom these questions are directed?

Ms Williams—Yes. I think they are for the department. I do not have my people here. I will get them. I thought we were on the Sports Commission.

Senator LUNDY—I do have questions about the Sports Commission's budget, but I do want to go through some of the departmental figures.

Ms Williams—I have the people coming. I had not realised you were doing them all together.

Senator LUNDY—That is the usual approach.

Senator Kemp—We are always happy to help, Senator.

Ms Williams—Could you repeat the question? We were all on another planet.

Senator LUNDY—That is all right. Budget Paper No. 4 gives the departmental output figure of \$3.059 million rather than \$3.291 million. I just want to clarify if the figure contained in the PBS is the correct one.

Ms Williams—We just have to find Budget Paper No. 4. We have the PBS here. Do you want us to come back to that if you can get on with other things?

Senator LUNDY—Yes, please. If you can provide an explanation, that is helpful. It was yet another discrepancy in the budget documentation that was identified. According to figures provided in the 2004-05 portfolio budget statement for DCITA, outcome 2, revenue from government appropriations has increased by \$2.295 million from 2003-04 to 2004-05. What will this increase in funding be used specifically for? Will it be used to offer more services and programs?

Ms Bean—Senator, \$1.75 million is for the Commonwealth Games, \$0.013 million is increased Comcover premiums and \$0.532 million is an increase in base funding forecasts as a result of allocation of overheads and an increase in staff numbers relating to the Commonwealth Games Taskforce.

Senator LUNDY—So more staff. How many?

Ms Bean—We currently have six on the task force. It is going up to eight in 2004-05.

Senator LUNDY—The average staffing levels for outcome 2 from 2003-04 to 2004-05 are expected to increase from 23 to 34. What are these 11 staff positions being created for?

Ms Williams—It says here that changed laws relates to new staff from 2006. That is nine of them. We have another two to find.

Senator LUNDY—What were the nine for?

Ms Williams—Nine are for the Commonwealth Games Taskforce for 2006. This is obviously temporary staffing until the Commonwealth Games.

Senator LUNDY—Are these positions full time or part time?

Ms Williams—They are full time.

Senator LUNDY—Full-time equivalents. At what level? Does anybody know?

Ms Bean—We are just trying to work it out.

Ms Williams—Yes, they are all full time.

Senator LUNDY—They are all full time, but you do not know what level and yet we know the allocation is half a million dollars.

Ms Williams—The doubts are because some of them came on at the end of last year in the additional estimates. We have been slowly moving to staff up this task force.

Senator LUNDY—How many of these positions are being created through the additional \$0.532 million funding? There are 11 extra positions being created. Nine are for the Commonwealth Games Taskforce. There are two mystery positions. We are now waiting on the levels, such as APS1 or APS2, and indeed what role they will play.

Ms Williams—Sorry, what role?

Senator LUNDY—What sort of work will the nine employees on the Commonwealth Games Taskforce be doing?

Mr Isaacs—The task force will be coordinating the Australian government's involvement in the Melbourne 2006 games and providing a focal point for ongoing discussions and negotiations with the Victorian government for the provision of national assistance and the range of Australian government support and services.

Senator LUNDY—You need nine people to do all that?

Mr Isaacs—We need—

Senator LUNDY—I am not suggesting you do not, but I am inferring that that is what the nine people will be doing.

Ms Williams—Can I say up front that, because this is being run from the department rather than Prime Minister and Cabinet as, say, the Olympics were, we will have quite a task force to deal with it. It is quite a large job. We have a lot of negotiations with Victoria. We have to really get proper accountability for Commonwealth money. It really is going to be a very significant job for the department.

Senator LUNDY—So you think nine is quite a reasonable number, Ms Williams?

Ms Williams—Yes.

Senator LUNDY—Have you found what the other positions being created are for yet?

Ms Williams—I think there is a bit of variation because we have somebody on maternity leave who is coming back. Can we get back and give you a proper listing?

Senator LUNDY—Yes. Are you in a position, Mr Isaacs, to tell me what level these positions are being created at? That is, is there going to be a task force leader and eight APS2s? What is the structure? Have you got that worked out yet?

Mr Isaacs—I do not have those details with me, but I will be happy to take that on notice and respond.

Senator LUNDY—Do you know? Can you just give me an idea and then take the detail on notice.

Mr Isaacs—The task force leader is me. I am a Senior Executive Service band 1. I have an EL2. I have a senior public affairs officer grade 2. I have 1½ EL1s. Again, I am stretching my memory.

Senator LUNDY—I just wanted to get an idea. Take it on notice and come back to me with the details. Given we know that there is a 0.532 increase in the departmental funding for this purpose, can you provide me with figures about the full cost of the employment of this

task force, inclusive of any other funding that is required from the department to support those positions? Ms Williams, can you give me the date when those positions will be no longer required? Presumably, it will be following the Commonwealth Games. Is there a date? Is it the end of that year or a week after the Commonwealth Games?

Ms Williams—They are funded until 1 July 2006.

Senator Kemp—Are you worried whether they are going to be prepared to join the CPSU?

Senator LUNDY—Only you would think of that, Senator Kemp.

Senator Kemp—I am trying to think of why you are so fascinated by this. I can only think you want to give some information to Mr Rodder, or whatever his name is, to get some more members. Mr Rodder is the man who does not worry about IT jobs in Canberra.

Senator LUNDY—According to the information provided by your office, Minister, the government is spending approximately \$273 million—actually, it is \$272.5 million—on the Melbourne 2006 Commonwealth Games over the next three years. Approximately \$139.8 million of this is new funding. The remaining \$132.7 million in services and support will be provided from within existing resources. Can you tell me where this money from existing resources is coming from and, in particular, if any of this money will be redirected from within the existing sports funding allocations?

Ms Williams—This is spread right across government.

Senator LUNDY—I did ask you if any will be redirected from within existing sports funds, so I am asking about measures affecting the sports budget and outcome 2.

Mr Isaacs—There are no measures affecting outcome 2. As the secretary said, this is use of existing resources spread across other agencies across the whole of government. It is an estimate, I suppose, from those other agencies of the existing resources that they will use to provide Melbourne 2006 services and support. So what those agencies are saying is that from out of our existing programs—be they border protection, quarantine inspection et cetera—this is an estimate of the existing resources that we will allocate in our normal course of business of supporting Melbourne in 2006.

Senator LUNDY—Where does this \$102.9 million, which is going to the Victorian government for what has been described as direct financial assistance to stage the games, come from? Is that all new money? Is it a proportion of the overall amount?

Mr Isaacs—No. That is new money.

Senator LUNDY—It is new money?

Mr Isaacs—New money.

Senator LUNDY—So, if \$139.8 million is new funding, that represents \$102.9 million of the new funding?

Mr Isaacs—Correct.

Senator Kemp—Which the Bracks government is delighted to receive.

Senator LUNDY—You got one of those thank you phone calls, did you, Minister?

Senator Kemp—I suspect he did phone up. Perhaps I was not in the office at the time. I think the Commonwealth Games people were delighted with the outcome of the budget. I know that the sports minister, Mr Justin Madden, was very pleased. We look forward to working well together.

Senator LUNDY—The list of programs or projects that comprise the Australian government's direct financial assistance and their funding amounts, however, does not quite add up to the \$102.9 million. It actually adds up to \$99.6 million, which represents a shortfall of \$3.3 million on the total. Can you advise the committee of where that missing \$3.3 million will be spent?

Senator Kemp—I think if you carefully read the press release you will actually make the \$102.9 million. Mr Kevin Isaacs, who is an expert on figures in this area, will assist you..

Mr Isaacs—The additional \$3.3 million is a provision to the Victorian organisers of the games to enable them to purchase services provided on a cost recovery basis by the Australian government. It mirrors directly arrangements that were set in place with the relevant New South Wales authorities for the Sydney 2000 games.

Senator LUNDY—So what sort of services is it for?

Mr Isaacs—At this stage, it is communications services provided by the Australian Communications Authority and it is drug-testing services provided by the Australian Sports Drug Agency. From recollection, there are some health related services.

Senator LUNDY—But how much of it is for drug testing?

Mr Isaacs—I would have to take that on notice. Between \$1.1 million and \$1.5 million will be the cost of other drug-testing services to be charged by ASDA at the time of the event.

Senator LUNDY—What was the figure?

Mr Isaacs—Between \$1.1 million and \$1.5 million.

Senator LUNDY—Do you have any details for the rest of it?

Mr Isaacs—I do not have those details with me. I would have to take that on notice and come back to you.

Ms Williams—We have now worked out that difference between Budget Paper No. 4 and the PBS. I will pass over to Ms Gale.

Ms Gale—If you look on page 56 of the PBS under 'Estimated actual' for 2003-04 and 'Administered expenses', you will see the first two items add up to \$3.689 million, which is exactly as per the white budget paper. The bits that are not in there are bills 5 and 6, which are the \$600,000, the \$40 million and the \$10 million, which is the Deaflympics and Paralympics in Melbourne 2006.

Senator LUNDY—So where is the original figure I read out?

Ms Gale—I was not actually in the room, but I think the figure you were referring to is \$3.689 million and the PBS showing \$54 million.

Senator LUNDY—I think that explains it. I will put questions on notice if I need further clarification. Are you able to get any more detail about the \$3.3 million?

Mr Isaacs—No. I do not have any additional detail with me. I will have to take that on notice.

Senator LUNDY—I have received information that indicates the original funding proposal for the Australian Commonwealth Games Association budgeted around \$7.5 million for the Queen's baton relay and this original request was in fact scaled back to \$6.5 million. The federal government budget figure now indicates that \$15 million has been put aside for the relay, with \$12 million to be spent within Australia and \$3 million overseas. Can you explain why the funding for this relay is more than double the amount requested by the ACGA?

Senator Kemp—I would be very surprised if it was double the amount requested.

Mr Isaacs—I am not sure of the source of your initial information. The latest information we have from the Melbourne 2006 organising committee reflects a cost of approximately \$15 million that the Australian government has provided for.

Senator Kemp—I suspect that the earlier figures may have been seeking a contribution towards the overall cost of it whereas I think the later figures are largely funded. I think that is probably the basis of that.

Senator LUNDY—So you are not aware of it?

Senator Kemp—In fact, I am almost certain that that is the case.

Senator LUNDY—Do you know that, Minister, or are you guessing?

Senator Kemp—I am just trying to help you, Senator.

Senator LUNDY—I know.

Senator Kemp—There is no need to be offensive. I can be offensive back. I am just trying to assist you. You asked me what the basis of it was. I suspect the first request is for a contribution towards it. I think in the end, following discussions with the organisers, we decided that it would make sense to fund the relay in toto. It was pretty good news. I can tell you that they are not complaining about it.

Senator LUNDY—No. I bet they were excited.

Senator Kemp—Neither is the Commonwealth capricious with its money. I think it was carefully thought out.

Senator LUNDY—So what does this involve? What will the \$3 million to be spent overseas be spent on?

Mr Isaacs—That was a specific allocation that we wanted to apply to send the Queen's baton relay through the Oceania region. Again, it mirrors a very specific commitment for the Sydney Olympic torch to go through Oceania. Again, it is picking up the practice that we adopted for the Sydney 2000 games. So \$3 million will cover the torch going through all Commonwealth countries in Oceania.

Senator LUNDY—Given that \$12 million will be spent on it in Australia, how many different towns and how many different states will it be travelling to?

Mr Isaacs—You would need to address that to the Melbourne 2006 organising committee.

Senator LUNDY—You are giving them the money.

Mr Isaacs—We are not at this stage aware of the precise route.

Senator Kemp—I think they have not got quite to those specifics. They are looking at various routes.

Senator LUNDY—Do you know if it will go to every state?

Senator Kemp—I think it will go to every state. I am trying to think of the map they showed us. I think there are plans for every state.

Mr Isaacs—I believe the intention is to send it to every state and territory. As I say, I am not privy to any precise details town by town at this stage.

Senator LUNDY—I have received information that it is only going to spend two days outside of Victoria. That is obviously incorrect if you are spending \$12 million on trooping it around the place.

Senator Kemp—I think that would be unlikely. I think they are very much at the planning stage. From the general concept that they have briefed the Commonwealth, the relay will be seen right around Australia. Clearly, they have to be in the end selective. I think the intention is that the relay is a wonderful way to publicise the games. They are keen to have as much exposure as possible.

Ms Williams—And, indeed, to publicise Australia.

Senator LUNDY—Indeed. I guess what I am looking for is confirmation that that information I have is incorrect and that it will be travelling.

Senator Kemp—Sometimes I think your sources are not as good as they could be.

Senator LUNDY—I am very happy to declare when I am not sure about the information, as I have done in this case.

Senator Kemp—I have often noted your sources often do not measure up.

Senator LUNDY—Can you guarantee that it will travel to a variety of cities in all states and territories and rural centres in all states and territories?

Senator Kemp—I think that is the intention. It is in their interests. It is in everybody's interests that that happens. Clearly, there are cost constraints. Clearly, there are logistical issues they have to deal with. They have to creatively overcome some of those things. The Commonwealth Games are not going to be skimping on this because it is an important part of the lead-up to the games.

Senator LUNDY—Given it is Commonwealth money, you are probably in a position to insist that it go to all of those places.

Senator Kemp—We will be looking very closely at what that Labor government does down in Victoria. You can be assured that this minister in particular will be looking over their shoulders.

Senator LUNDY—Indeed.

Senator Kemp—You are quite right. You have to be careful of those Labor governments. I agree with you there.

Senator LUNDY—It is \$12 million of taxpayers' money, after all.

Senator Kemp—Exactly. So you can be assured that the Commonwealth will make sure it gets value for money.

Senator LUNDY—Can you guarantee that it will go all over Australia or not?

Senator Kemp—We have discussed this question. This is the third time you have asked this question. I have said to you—

Senator LUNDY—You just seem to avoid making any commitment any time ever.

Senator Kemp—I am just saying to you—

Senator LUNDY—Have some confidence, Minister.

Senator Kemp—The general briefing I have received would show that it goes right around Australia. They are still working out, as far as I can recall, the exact route. We know that their intention is for it to be seen as far and wide as possible. I agree it is a Labor government and you have to watch them. We will be watching them carefully.

Senator LUNDY—There has been \$10 million set aside for an Elite Athletes with a Disability program. How exactly will this money be spent?

Mr Isaacs—It will be spent on arrangements to stage the elite athletes with a disability element of the games.

Senator LUNDY—Is that all?

Mr Isaacs—The games will have an integrated program for elite athletes with a disability in that, unlike the Olympics and Paralympics, elite athletes with a disability will count in the overall national medal tally. Elite athletes with a disability will receive medals on the same victory dais as able-bodied athletes. The Melbourne 2006 organising committee has a specific program in place that covers 12 events across four sports, including swimming, athletics, table tennis and power lifting. The event is significant in size. It involves 400 athletes, specialist officials and support staff. Again, indicative of its commitment to encourage sport for people with disabilities and our enthusiasm for sports with disabilities to be incorporated into a major sporting event like Melbourne 2006, the Australian government has provided what will be full funding for the elite athletes with a disability component of the Melbourne 2006 games.

Senator LUNDY—Four sports and 12 events. For \$10 million, I am sure you anticipate it will cover all of the requirements for the staging and integration of that program.

Mr Isaacs—Indeed.

Senator LUNDY—Do you have a detailed budget prepared?

Mr Isaacs—There is a detailed budget that is being provided by the Melbourne 2006 organising committee. I am not sure at this point the extent of the detail that they are able to provide. Certainly \$10 million was their best estimate of the extent of funding required.

Senator LUNDY—I take it from that that none of that \$10 million is going directly towards athlete support payments?

Mr Isaacs—No.

Senator LUNDY—If not, why not?

Mr Isaacs—The \$10 million has been specifically allocated for the Elite Athletes with a Disability program.

Senator LUNDY—So why is some of that money not being spent on direct athlete support?

Mr Isaacs—Because this was something that the Melbourne 2006 organising committee asked for in its funding proposal. We have responded favourably to their request.

Senator LUNDY—What is the relationship between the Elite Athletes with a Disability program—\$10 million—and the so-called Sports Ability First program that the Australian Sports Commission is apparently funding to boost the sports participation of young people with disabilities?

Mr Isaacs—The Sports Ability First program is a specific initiative by the Australian Sports Commission that is aiming to increase sport participation by people with disabilities and leverage off the Elite Athletes with a Disability program in the Melbourne 2006 games but not be a component of the Elite Athletes with a Disability program. The sports ability program will provide equipment, resource material and training for a number of activities—bocce, a bowls type target game that is played at the Paralympics; goalball, another Paralympics sport; polybat, which I understand is equivalent to table tennis; table cricket; and table hockey. So the Sports Ability First Program is a specific program that has been designed and will be delivered by the Sports Commission to leverage off the enthusiasm for sport for people with disabilities that we hope is going to emerge out of the Elite Athletes with a Disability program.

Senator LUNDY—Over to you, the Sports Commission. Can you provide further details on the Sports Ability First program, which I understand has been funded from the \$55.3 million component that the Australian Sports Commission is providing over two years to the Commonwealth Games?

Mr Peters—There are probably two issues there. One is that Sports Ability First is new money outside the \$55 million. As explained, it is to target young people with a disability to work off the inspiration of athletes that will compete at the Commonwealth Games in Melbourne. Besides the additional information that has just been provided about the sports involved, we hope that it reaches 150 special schools and 20 Indigenous communities. That will actually involve 18,000 young people with disabilities in special education and

approximately 500 people with disabilities in Indigenous communities. We have found in the commission, working with the Australian Paralympic Committee, that we have been able to establish a sports system that allows talented athletes with a disability to progress at the international level. But, unlike the normal sports system, we need to create opportunities for those people with a disability to be introduced to sport and, hopefully, in some way inspire them to move on. That is the basis of this program.

Senator LUNDY—So what is the actual cost of this program?

Mr Peters—The cost is \$502,000 to be delivered over three years and approximately \$200,000 in next year's budget.

Senator LUNDY—So what is the break-up for the out years? It is \$502,000 in 2004-05. What is the next year?

Mr Peters—I am sorry, I have a correction. I said approximately \$200,000. It is \$175,000 in 2004-05, \$161,000 in 2005-06 and \$166,000 in 2006-07.

Senator LUNDY—And that was new money outside the \$55.3 million?

Mr Peters—That is correct.

Senator LUNDY—Where does the \$55.3 million come from and what proportion of it is new money?

Mr Peters—None of it is new money.

Senator LUNDY—None of it?

Mr Peters—No. It is the funding over the two financial years of the funds we provide to Commonwealth Games sports at the moment.

Senator LUNDY—So you are getting it from existing programs?

Mr Peters—Yes. It is a continuation of the funding we give to those sports at the moment under our financial support.

Senator LUNDY—So how come the minister is talking about it as something new?

Senator Kemp—No, I am not. Look at what I say to you.

Senator LUNDY—It says 'provide an estimated assistance of \$55.3 million'. The implication there is that it is new.

Senator Kemp—Read it fully. There is no implication. We are quite up front with what is new money and what is not new money.

Senator LUNDY—So this is an aggregation of money from two financial years worth of existing high performance funding to national federations. Is that correct?

Mr Peters—Yes. Over two years, yes.

Senator Kemp—This is what I object to. If you read the press release, it is so clear. I cannot imagine why you asked that question. It says an estimated \$55.3 million in direct assistance for M2006 sport through existing Australian Sports Commission programs.

Senator LUNDY—You badge this whole package as being some boost to sports funding when in fact it is disingenuous and deceptive of you to package it in a way that implies there will be new money for the Sports Commission for these programs. What a joke!

Senator Kemp—We are absolutely straightforward about what is new money and what is not. No-one is hiding anything and no-one is pretending anything. The most stupid thing we saw was your press statement saying that we have cut sport by \$50 million. That was really dopey. Anyway, we have had that debate.

Senator LUNDY—I will ask Mr Peters how this \$55.3 million figure has been cobbled together. Can you break it down for me, please.

Mr Peters—At the moment, we give indicative funding as part of Backing Australia's Sporting Ability to NSOs over a four-year period. Sports that are Commonwealth Games sports receive \$27.65 million in total in a particular year, of which just over \$19 million—

Senator LUNDY—Sorry, what was that figure?

Mr Peters—It was \$27.65 million.

Senator LUNDY—In what year?

Mr Peters—In a year to support 16 Commonwealth Games sports, of which \$19.07 million is in the high-performance area, which supports the high-performance part of each individual sport's strategic plan. That can be for overseas travel. It can be for the appointment of coaches, high-performance coordinators and training camps et cetera. And \$8.57 million goes to those sports that are involved in the Australian Institute of Sport.

Senator LUNDY—Over and above the high performance.

Mr Peters—Yes.

Senator LUNDY—There will be double-up across the two categories of the 16 Commonwealth Games sports. How many are AIS sports? All of them?

Mr Scott—I do not know the number, but there are sports like table tennis, badminton, wrestling. Out of the 16, I would estimate roughly that there would be four or five sports that are not in the AIS program.

Senator LUNDY—This high performance number is for all of Commonwealth Games sports but the \$8.57 million is only for the Commonwealth Games sports that are also AIS sports.

Mr Peters—The sports that are not AIS sports out of the 16 are: synchronised swimming, badminton, lawn bowls, shooting, table tennis and weight-lifting.

Senator LUNDY—That makes up the \$27.65 million.

Mr Peters—Again, there are two aspects: in total the 16 sports in high performance get the \$19.07 million; the sports that are in the AIS program get \$8.57 million, so there is not a doubling up. The total figure is \$27.65 million.

Senator LUNDY—But some sports would be in both categories.

Mr Peters—Yes.

Senator LUNDY—That is what I meant.

Senator Kemp—I want to make sure that the record is absolutely crystal clear in view of the unfortunate comments that Senator Lundy made earlier about a misleading press statement. Senator Lundy, I refer you to the press statement headed ‘Australian government support for M2006 games’, which outlines the Commonwealth funding. In the second paragraph, it says:

This substantial support from the Australian Government of \$139.8 million in new funding and \$132.7 million in services and support to be provided from within existing resources, will help Australia to deliver a secure, harmonious and successful event while showcasing our sporting, cultural and business achievements ...

That would be clear to everybody but you, Senator Lundy. It is crystal clear about what are new resources and what are existing resources.

Senator LUNDY—I can read the press release.

Senator Kemp—It is quite misleading and quite wrong for you to say that the government was trying to pull a swiftie and not be up front. We are absolutely crystal clear. It is in the second paragraph of the press release, and if you read these things more carefully you would not make such silly statements.

Senator LUNDY—The chair nods gravely. Minister, I can read a press release. My complaint is how you promoted this. The total figure of the government’s commitment was used of which a component, as you say, was existing funding. The impression you gave and sought to give both through the media and to sporting organisations was that this represented a grand new investment in sport, and it does not.

Senator Kemp—We specifically say it. This is what was sent out to the press. This is specific and it is clear. The truly dopey thing that we saw was your press statement that alleged we had made some massive cut in sport funding. That was a really dopey press release. This, by contrast, is crystal clear and it is up front.

Senator LUNDY—How much of the \$27.65 million is going to direct athlete assistance?

Mr Peters—At this stage we do not have a figure. Swimming, within their funding allocation, have a direct athlete support scheme. As you would be aware, athletics are under a significant review at the moment. Whether that continues, we are not sure. Cycling have a scheme. We do not have the amounts, but we are aware that athletics have schemes and that they propose to continue them—gymnastics, hockey and weight-lifting. Six sports have DAS schemes at the moment that provide direct support to athletes.

Senator LUNDY—I will come back to that in a second. Again according to information from the minister’s office on the non-security side, the provision of \$27.1 million in Australian government services will include new funding of \$8.6 million to the ASC, Australian Customs Service, ASDA, Civil Aviation Safety Authority, DCITA, Austrade and Invest Australia. Is the \$347,000 going to ASDA for the pre-games drug testing in 2005-06 coming from new money?

Mr Isaacs—Yes.

Senator LUNDY—How much of this new money will go directly to the ASC and what programs or operations will this new money fund?

Mr Isaacs—To clarify, this is the new money for non-security support?

Senator LUNDY—Yes.

Mr Isaacs—As we have previously mentioned, \$502,000 will be provided to the ASC to deliver the Sports Ability First program; \$4.2 million will be provided to DCITA for the Melbourne 2006 task force; \$347,000 will be provided to ASDA for pre-event drug testing; \$210,000 will be provided to the Civil Aviation Safety Authority for pilot education material and to provide an information service in conjunction with Airservices Australia; \$2.381 million will be provided to the Australian Customs Service to provide non-security services to facilitate the entry and egress of Commonwealth Games family members, without compromising normal border controls or security; \$1 million will be provided to the Australian Trade Commission and Invest Australia to develop and implement the Melbourne Games 2006 Business Club Australia.

Senator LUNDY—What was the DCITA allocation?

Mr Isaacs—DCITA was \$4.2 million. I should clarify that this is the \$8.6 million of new money from the \$27.1 million for non-security services. I have just taken you through the \$8.6 million in new funding and there is \$18.5 million in services to be provided on an absorbed cost or cost recovery basis.

Senator LUNDY—So out of the \$8.6 million of new money \$4.2 million goes to DCITA?

Mr Isaacs—That \$4.2 million is going towards the expenses of the Melbourne 2006 task force.

Senator LUNDY—How does that relate to the \$0.5 million we were discussing before—the proportion of increase in DCITA funding—that you said was funding those task force members? Why was I given the \$0.532 million figure and not the \$4.2 million figure?

Ms Williams—The \$0.532 million that we were talking about before is actually just allocation of overheads. As you increase your base funding, you reallocate overheads, and that is just the increase in the allocation of overheads.

Senator LUNDY—Is that based on this new money?

Ms Williams—Yes.

Senator LUNDY—So therefore what we are talking about with that budget for at least nine task force members is \$4.2 million?

Mr Isaacs—That is correct.

Senator LUNDY—What was the figure for the Australian Sports Commission?

Mr Isaacs—The figure for the Australian Sports Commission for the Sports Ability First program is \$502,000 over three years from 2004-05.

Senator LUNDY—Can you tell me where the remaining \$18.5 million is being redirected from?

Mr Isaacs—Again, a range of agencies are providing services on an absorbed cost basis. I would have to take on notice providing you with a full list of those agencies and what they propose to do. From recollection, it is agencies such as immigration, health and the Quarantine Inspection Service. Again, I am only going from memory. I might take that on notice.

Senator LUNDY—Could you take it on notice and tell me whether any of them come from DCITA or, indeed, outcome 2?

Mr Isaacs—I can tell you that none of those existing resources come from outcome 2.

Senator LUNDY—What about DCITA?

Mr Isaacs—Or from DCITA.

Senator LUNDY—For the past 12 months, since about March last year, the Australian Commonwealth Games Association has been providing information to the Australian Sports Commission regarding funding for a direct athlete support program to support athletes training to compete at the Commonwealth Games. It is my understanding that they were led to believe by the ASC and the Prime Minister that the government would approve a direct athlete support program to assist in the preparation of Commonwealth Games athletes that would commence in September this year. The Commonwealth Games Association has committed \$6.75 million of its total \$15 million team budget for athlete preparation and has asked the federal government to match this amount.

From looking at the budget, it does not appear that any of that \$272.5 million earmarked for the Melbourne Commonwealth Games will go toward direct athlete assistance. In fact, it does not look like this money will go to funding sport and the athletes themselves at all. Given that the federal government provided \$120 million in funding to help athletes prepare for the Sydney Olympics, why has there been no funding committed to supporting athletes in their preparation for the Commonwealth Games?

Senator Kemp—Senator, I might seek advice from the experts at the table. But I have seen that \$120 million that you quoted, and it has appeared in other press releases. My understanding is that that has just been rolled into the base funding. I do not think anyone in sports would say they are not being supported strongly as they were supported strongly after the Olympics. I think there is a statistical misapprehension here, but anyone at the table can add to that. We were able to provide some additional direct athlete support in the run-up to the Olympics. There was not any specific allocation in this budget—

Senator LUNDY—Why not?

Senator Kemp—and we are having discussions with the relevant Commonwealth Games body, and we will see what can be done. I cannot make any promises, but we are certainly aware of the issue of the direct athlete support. This budget has provided, as usual, very strong support for sport. There are always limits to what you can provide.

Senator LUNDY—I put to you that the \$55.3 million that the ASC has flagged, as we have already discovered, is not new money—

Senator Kemp—No, it was not ‘discovered’ by you; it is actually specifically pointed out in the press release. I do not want this error of yours to continue. Once you get onto an error, Senator, you find it hard to get off it. I want that to be very clear—the press release is crystal clear. You are the only one, I think, who seems to be under a misapprehension.

Senator LUNDY—There is no new money for sport or athletes in this announcement.

Senator Kemp—This government is providing record funding for sport. Can’t you accept that?

Senator LUNDY—There is no new money for sport or athletes. That is true, isn’t it, Minister? There is no new money.

Senator Kemp—This government is providing record money for sport.

Senator LUNDY—That is not the point.

Senator Kemp—Now, that does not mean that every year there is—

Senator LUNDY—There is no new money for sport in this budget for the Melbourne Commonwealth Games athletes or athletics.

Senator Kemp—I will be very interested to see what your policy is, Senator. I do not know whether you will make any promises.

Senator LUNDY—Do not pretend that it is such a boon for sport when there is nothing new.

Senator Kemp—I know the hour is late and I know that you are finding it difficult to get your point over, but, Senator, this government are providing record levels of funding for sport. It is something that we are very proud of. It is true that every year you do not provide massive new programs—that is impractical—but no-one in the sporting community would say that this government has not made a very strong commitment to sport. You have not. We are running towards an election. You are able to come out and make commitments, but you have not made a commitment. In fact, the only commitment you have made is on some obesity program for which you are going to take funding off other aspects of ASC activities. That is what you are going to do.

Senator LUNDY—You do not have to make up stuff.

Senator Kemp—It is true. That is exactly what you are proposing to do. You are not providing any new money.

Senator LUNDY—That is completely untrue, Minister.

Senator Kemp—It is correct: you are not providing any new money. I do not know whether it will come out of the savings that you are proposing to make by cutting jobs in IT in Canberra; maybe it will.

Senator LUNDY—You are getting a bit desperate. What you just said is completely false.

Senator Kemp—Senator, you will never stand up in the parliament and make your position clear on these issues and, therefore, people draw their own conclusions. But this government is providing record funding for sport. It is something that we are proud of. We are providing in this budget a very significant boost for the Commonwealth Games, which is very good for sport in this country. The Commonwealth is showing a very strong commitment to it. I frankly I object to your arguments that somehow sport has been cut. It is just complete nonsense, and it really shows your paucity of understanding.

Senator LUNDY—I go back to my point, which is that throughout this budget estimates process so far we still have not identified any new money for direct athlete assistance or the Australian Sports Commission.

Senator Kemp—Did you not listen to what I said?

Senator LUNDY—Your response, Minister, has been: ‘But we provide record funding for sport.’ That being the case, do you concede that there is no new money for sport or athletes in this budget for the Melbourne Commonwealth Games?

Senator Kemp—If you think making a very strong commitment to the Melbourne Commonwealth Games is not supporting sport—

Senator LUNDY—To sport and athletes!

Senator Kemp—I frankly think, Senator Lundy, that you have a limited appreciation of the Commonwealth government’s role. What is undeniable is that this government is providing record levels of sports funding. What is also undeniable is that you have made no commitment for the Labor Party. The Labor Party has made no commitments in this area. The government’s funding has continually been welcomed by sports because they have seen the very strong commitment. You have mentioned DAS—the direct athlete assistance. It is true that in this budget there was not a provision for DAS. What is my response to that? I have said that we are continuing to talk with sporting bodies to see what can be done. In the end, the government has to draw its priorities. The priority that the government has shown to sport remains there and at record funding levels. Your press release, I have to say, was complete nonsense. It was full of basic statistical errors.

Senator LUNDY—The departmental appropriations show that there has been a 1.5 per cent increase in outcome 2. That is all. Yet it has been reported—at least in one place, on 12 May 2004—that the ASC had won a \$9.6 million funding boost. Can you explain that, given that we now know that there has been no funding boost for the ASC or for athletes as a result of this budget? Did you write a letter correcting that story or, indeed, is there another explanation? Or was that all part of your spin?

Senator Kemp—Where did this come from? Has it come from any press statement that I have made? We know that your press statement is full of errors. I have noticed that you show no willingness to even recognise that in the Senate estimates, but we will keep pressing you on it. We may have to have a debate on this in the parliament so that you can more fully explain yourself. But it is undeniable that this government is providing very strong support for sport.

Senator LUNDY—You are not refuting my point, so I think I will move on. Revenue from other sources for outcome 1, An effective national sports system that offers improved participation in quality sports activities by Australians, is budgeted at \$5.2 million. Can you describe what sources this other revenue comes from?

Senator Kemp—I would like to have our Finance Manager, Simon Kidman, respond to those figures.

Mr Kidman—The newspaper report picked up the increase in departmental funding for the ASC between 2003-04 and 2004-05. We moved from \$125 million to \$127.5 million. There was a \$2 million increase there. In our capital appropriations we moved from \$4 million in the current year to \$11.6 million in the new year of 2004-05. If you add those two figures together you get the \$9.6 million.

Senator LUNDY—A bit of creative journalism.

Mr Kidman—Quite possibly.

Senator LUNDY—Thank you for that. Revenue from other sources for outcome 1, An effective national sports system that offers improved participation in quality sports activities by Australians, is listed at \$5.2 million for this financial year. Where does that revenue come from?

Mr Kidman—There are a number of sources. The sports development area within the ASC has a publications and a fee unit that basically does coach registrations, sells high-performance coaching manuals et cetera. There is around \$1.2 million budgeted for those areas. We also have a number of major government projects that we carry out on behalf of other government agencies. We have moneys from the ATSIC Indigenous program. There is a budget of about \$2 million for that. In addition there are a number of sponsorships and partnerships that are formed in the participation programs. I do not have the exact breakdowns of those between outcome 1 and outcome 2.

Senator LUNDY—The \$5.2 million is listed in outcome 1.

Mr Kidman—I just do not have the breakdowns here. I can take it on notice and get it for you.

Senator LUNDY—Okay, if you could break it down to individual contributors.

Mr Kidman—In addition there are a number of cost recovery areas that relate to outcome 1 that vary from year to year. Again we do not have the breakdown between outcome 1 and outcome 2 here, but we can get that for you as well.

Senator LUNDY—Is that services provided by the AIS and things like that?

Mr Kidman—No, it is not the AIS. The AIS is outcome 2.

Senator LUNDY—I will ask the same questions about outcome 2 in a second.

Mr Kidman—I do not have the breakdowns of our total revenue between the two outcomes. I have the areas broken down into the actual source of revenue but not between the two outcomes. We can break that down and come back to you.

Senator LUNDY—Okay. Can you just run through the \$13 million from other sources for outcome 2—

Mr Kidman—I can highlight the main areas.

Senator LUNDY—Yes, what the main ones are.

Mr Kidman—Again there is a sponsorship component and quite a large value-in-kind component in that area. We have the commercial operations of the Bruce site. In that area we have a shop, a tourist operation, venue hire, a swim school and a number of smaller ones as well. That totals approximately \$6.5 million a year.

Senator LUNDY—What is the sponsorship worth?

Mr Kidman—For which outcome?

Senator LUNDY—Two.

Mr Kidman—I do not have that broken down. We look at approximately \$1.5 million cash sponsorship a year broken between the two outcomes and around \$750,000 value-in-kind between the two outcomes.

Senator LUNDY—Were there any other major components?

Mr Kidman—Many of the AIS programs provide services to NSOs—your sports science and sports medicine areas—and in addition many of the NSOs choose to partner up with our AIS programs for the provision of services for national teams and the like.

Senator LUNDY—So they pay for that?

Mr Kidman—Where they want to increase services outside the core AIS program they will choose to redirect some of their funds back to the AIS on a cost recovery basis.

Senator LUNDY—Can you give me a breakdown of that aggregate figure as part of that \$13 million? Can you also tell me which sports have paid what?

Mr Kidman—For the current year?

Senator LUNDY—Yes.

Mr Kidman—It is a figure that varies from year to year. Because they are purchasing services we endeavour, if we can supply them, to basically agree to that because it forms the partnership that we run with the NSOs. If they want to change their mind et cetera, it does not really affect our bottom line. But we can look at the current year. In the future years it will be up to the individual NSOs as to what level they want to do that. For all the revenue I can break it down into individual areas and between outcomes 1 and 2 and come back on notice with that.

Senator LUNDY—Thank you. I am interested in just that one breakdown of what sports are paying for what services. Just looking across the financial years, the revenue seems to be reasonably stable over a long period, particularly for outcome 1. Is that likely to continue?

Mr Kidman—It will probably remain fairly stable. The biggest pressure in that area will be in the area of publications, where we produce coaching manuals and publications of that sort. The Internet is looking to impact in that area. So we expect that the Internet—

Senator LUNDY—So you might get a drop.

Mr Kidman—We would expect a drop because it is a more efficient provision and, once it is there, then all sports at all levels can access that sort of resource.

Senator LUNDY—How stable is the revenue for outcome 2?

Mr Kidman—The core part of it is stable—things like the revenue from the commercial operations on site. The core of the sponsorship is stable. What you have on top of that is, if you like, the NSO decisions on either a four-year cycle or an annual cycle of just what they will purchase from us. That will depend on their programs. As far as commercialisation projects go, that basically is not stable. It varies up and down as we go. The unstable amount is not core funding to the ASC, if you like. Usually the amounts that come and go, come and go with an expense component fairly equal to the revenue. If we lose them, basically we lose the expense side of it as well. So it really does not affect our bottom line. So our gross revenue can move up and down, but our bottom line stays fairly stable.

Senator LUNDY—Thanks for that. The 2004-05 PBS notes that the Sports Commission will receive half a million dollars over three years to implement a legacy flowing from the Melbourne Commonwealth Games. Can you explain that legacy and how it will work.

Mr Peters—That is the Sports Ability First program we spoke about earlier. We are looking to inspire many young people in Indigenous communities and those with a disability in special schools to take up sport. So that is that \$502,000 over the three years.

Senator Kemp—Can I just seek a clarification? I assume that you are accepting now that the figure that you use of \$55.3 million in so-called ASC funding—as you call it—from all areas of the 16 sports and games programs is set to be spent on AIS operations rather than athletes. Do you accept that that statement was wrong now?

Senator LUNDY—No.

Senator Kemp—You don't?

Senator LUNDY—I'll tell you why, Minister. Because it is not being spent on direct athlete assistance. It is being spent on sports organisation infrastructure. It is not going to athletes. We have established that, so the statement still holds true.

Senator Kemp—Senator, the \$55 million is allocated directly to those sports for the 2006 Commonwealth Games—not AIS operations, which you say. Do you accept that that was wrong?

Senator LUNDY—I think it is sports operations. It might be broader than the AIS.

Senator Kemp—Let's see if we can get you to at least understand. You said that the \$55 million is set to be spent on AIS operations. Is that statement wrong?

Senator LUNDY—I think the statement relates to sports infrastructure, of which the AIS is a substantial part. So I still think that absolutely it holds.

Senator Kemp—‘AIS operations’ you say there. It is wrong. Your statement is wrong. These programs and much of this money is allocated directly to those sports and you do not think that that is spent on athletes?

Senator LUNDY—It is sports operations.

Senator Kemp—You don’t think—

Senator LUNDY—No, I don’t.

Senator Kemp—You do not think that supporting a team is not spending it on athletes? There is a thing called direct athlete support where money goes directly to athletes, and some sports will provide that, and then there is money provided to support sports. This is why it is very frustrating to have to deal with you because you make big errors and you never concede that they are errors.

Senator LUNDY—For the Olympic Games there was specific funding provided to direct athlete support. There has been no specific funding provided for the Commonwealth Games for direct athlete support.

Senator Kemp—We have had that discussion.

Senator LUNDY—All the money going to sport relates to sports infrastructure. I have included the statement ‘AIS infrastructure’ because it is going to the sports bodies, not the athletes themselves—and that is the point.

Senator Kemp—You have said here money is allocated to the sports. You have said it is being spent on AIS operations. Do you not see a difference between providing money to swimming and spending money on AIS operations?

Senator LUNDY—The point is it is going to operations, not athletes.

Senator Kemp—Let us face it, you were wrong. You are dead wrong, as you often are.

Senator LUNDY—You have just helped me demonstrate my point.

Senator Kemp—No. You have made a serious error with this absurd comment about massive cuts in sports funding, as you made earlier on, and you cannot correct it. Do you accept that was an error?

Senator LUNDY—I have proven the point that there is nothing in the budget that is new for sports. There is nothing in it for athletes or for direct funding support. It goes to the sports organisations and it is existing money anyway. Any pretence that this is a budget that is good for sport is a joke.

Senator Kemp—If you think that the \$55 million is not of assistance to athletes, then you know nothing about sport. You know nothing about how sport is organised. You know nothing about how an NSO operates. The fact is funding is at record levels. You have put out this absolutely absurd press statement, which says:

The Howard Government's own budget papers reveal that federal funding for Sport and Recreation has been slashed from \$206 million ... to \$169 million in 2004-05.

Do you accept that is a highly misleading statement?

Senator LUNDY—All I know is there is no new money for sport in this budget and you have pretended that there was.

Senator Kemp—Yes, you accept that is a highly misleading statement. Your press release is replete with basic errors.

ACTING CHAIR (Senator Tchen)—Minister, you have made your point very strongly.

Senator LUNDY—Thank you, Acting Chair.

Senator Kemp—I think we had better get Senator Eggleston back.

ACTING CHAIR—Senator Lundy clearly is not prepared to answer your direct question.

Senator Kemp—That is true. She is not prepared to answer it. That is a very good point.

Senator LUNDY—He is the minister. He is the one that needs to be accountable. You had better redeem yourself, Minister, so quick, have a go.

ACTING CHAIR—We have 25 minutes to go.

Senator LUNDY—I know. We are clocking you, Senator Kemp. We are going to tell you tomorrow morning how much time you have wasted.

Senator Kemp—Wow! I have been so generous with time I feel I can make a few observations, particularly to correct errors which you fail to concede.

Senator LUNDY—I do not concede anything.

ACTING CHAIR—I suggest that we get on with it.

Senator LUNDY—You have assisted me in proving my point.

Senator Kemp—You think we have cut sports funding from \$206 million to \$169 million this year, do you?

Senator LUNDY—Just keep answering the questions.

Senator Kemp—You do not say yes and you do not say no—

Senator LUNDY—I have proven my point.

Senator Kemp—because you have not got a clue what is included in your own press release. That is the truth.

Senator LUNDY—I always know when you are not doing well at estimates because you start to talk a lot. Everyone knows it.

Senator Kemp—I think people can easily judge this.

Senator LUNDY—Keep talking.

ACTING CHAIR—Minister, the point is well made. Senator Lundy, can we go on?

Senator Kemp—Thank you.

Senator LUNDY—The Australian Sports Commission 2002-03 annual report budget breakdown figures presented in figure 1 'Disbursement of the budget across the Australian Sports Commission, 2002-03' on page 78 add up to 122 per cent. The adjusted figures provided by the ASC on 20 May 2004 show some significant changes to these figures, which indicates that the incorrect figures that appeared in the annual report were due to more than just a misprint. Can you explain why the figures that appeared in the annual report were wrong?

Senator Kemp—People make errors. You make errors.

Senator LUNDY—But there was no acknowledgement of the error.

Senator Kemp—The difference between the ASC and you is if they make a mistake, they correct it. If you make a mistake, you pretend it is right.

Senator LUNDY—Can we hear from the ASC?

Senator Kemp—Yes, sure we can hear from the ASC.

Senator LUNDY—Well be quiet then.

Mr Kidman—The diagram and figures in the published report were actually created for a shell document pre-publishing to form it up.

Senator LUNDY—What does that mean?

Mr Kidman—Basically, we draft the format of the document in early May and June and we provide, if you like, draft figures of the shell outlines of what graphs and that will be.

Senator LUNDY—Like a mock-up?

Mr Kidman—That is exactly right.

Senator LUNDY—You left the mock-up figures in there, didn't you?

Mr Kidman—The mock-up figures actually added up to 100 per cent. Somebody played with it, but we did not put the correct figures in and I take responsibility for that.

Senator LUNDY—How ridiculous. So the annual report was published with the incorrect figures in it?

Mr Kidman—Correct; they were mocked up.

Senator LUNDY—Was any amendment or correction of the annual report subsequently circulated?

Mr Kidman—Until we received your request it had not been pointed out to us and no-one had brought it to my attention.

Senator LUNDY—It just goes to show that it pays to read an annual report well, doesn't it?

Mr Kidman—I certainly will be reading them carefully in the future.

Senator LUNDY—Do you think someone was setting you up?

Mr Kidman—No, it is simply that the mock-up went through without being picked up. The actual figures were there; we had them but somehow they were not included in the final document.

Senator LUNDY—The figures were substantially different.

Mr Kidman—Correct. The mock-up was very mocked up.

Senator LUNDY—Do you accept that that was highly misleading?

Mr Kidman—I will be paying very close attention to that in the future, yes.

Senator LUNDY—For example, the incorrect report had ‘AIS Athlete and Coach Services’ at 13 per cent, where in fact it is seven per cent; and ‘AIS Sports Programs Planning and Evaluation’ at 12 per cent, where it was actually 15 per cent. It tells a completely different story.

Mr Kidman—There was no attempt in the mock-up to get accurate figures. They were deliberately wrong so that hopefully we would recognise it and put correct ones in when it came time for the final document.

Senator LUNDY—In the revised figures provided there were also a number of changes to the actual subprogram. In the 2002-03 annual report a subprogram called ‘sports funding and evaluation’ was listed. In the revised information provided this subprogram no longer appeared and it seems to be replaced by a program entitled ‘sports services’. Why is that?

Mr Kidman—The mock-up was loosely based on the prior year. We just scrubbed the prior year amounts out and wrote rough amounts in. Sports funding and evaluation was a program that existed in the year before 2002-03. In the restructure of the sport performance and development area at the ASC it was discontinued and new programs commenced.

Senator LUNDY—Does that constitute the actual elements that make up the changes of that program that occurred along with the name? I am referring to those things you just described. Or are there other changes to the elements of that particular subprogram?

Mr Kidman—The sports performance and development area was completely restructured between 2001—

Senator LUNDY—I am talking about sports services still. It was ‘sports funding and evaluation’; it is now ‘sport services’. Was that just a title change, a subprogram name change or were there other things in it that changed?

Mr Peters—If it would be of assistance we could take that on notice. There were a number of restructures and, although the functions remained the same, there are different titles. As we have said, it was an error. It was not an error of deception; it was an area that was not checked and we have provided the right information. I am happy to provide a definition of what those titles actually refer to and relate back to the previous report.

Senator LUNDY—I think I know. I think ‘sport services’ was formerly entitled ‘sports funding and evaluation’. Are you saying there was restructuring involved in that name change?

Mr Peters—Yes.

Senator LUNDY—Is that the same with the ‘sports performance and development’, which was previously called ‘sports development’?

Mr Peters—Yes. What I can do is provide a definition against each of those headings and relate it back to the previous annual report.

Senator LUNDY—Including the fact that, if you compare the 2001-02 annual report with the adjusted 2002-03 figures, there is a drop in ‘sports performance and development’ from 19 to 15 per cent.

Mr Peters—As I said, some of it is definitional—we needed to get better relationships between some of our areas—and some relates to our structural changes. After talking to national sporting organisations, we found out how we could better service them.

Senator LUNDY—I appreciate that. I am just making a couple of observations which I would specifically like an explanation for. The other one, which is sport services, was 37 per cent in 2001-02 and is now 45 per cent under the adjusted figures for 2002-03. There is a substantial change in the facilities management proportion—10 per cent reduced to five per cent. There is a two per cent reduction in business operations and a massive increase in corporate from one per cent to four per cent. If you could provide an explanation for the changes and the budget detail, perhaps the dollar figures behind these percentages, that would be useful.

Mr Peters—Yes.

Senator LUNDY—I would like to work through some specific questions in relation to some of those in the time that I have left. We will see how far we can get. In the 2001-02 annual report the subprogram ‘Sports Funding and Evaluation’ accounted for 37 per cent of the total. In the revised figures it was renamed and, as I said before, attracted an eight per cent increase in the total allocation—which on my calculations represents about a \$17 million increase on the previous year. Can you provide an explanation as to why those funds increased so significantly?

Mr Peters—I do not have the 2001-02 information with me but I am quite happy to go back that far and define what the differences are. Post Olympics we had a number of significant reviews of the way we operate based on reviews with NSOs. I am happy to provide that information. I do not have the 2001-02 budget figures or explanations with me at the moment.

Senator LUNDY—But there was a restructure, wasn’t there? I remember getting a briefing on the restructure.

Mr Peters—There were a number of reviews. We had reviews of the AIS and reviews of our sport services area.

Senator LUNDY—I do not remember ever being advised that there would be a substantial change in proportions. Can you tell me what the expected expenditure for sport services is for

the 2004-05 year? If you can give me the dollar figures for each of those subprograms, that would save a lot of time.

Mr Kidman—Do you mean for each of sections in that graph?

Senator LUNDY—Yes.

Mr Kidman—Can we take that on notice because we have to add quite a few subprograms together to get those figures?

Senator LUNDY—Don't you have that?

Mr Peters—At the moment we have designed the budget on our outcomes and we now need to go back and look at that pie chart and the definitions. We have something like 200 cost centres under the two outcomes and we need to go back and now configure those to meet that.

Senator LUNDY—Can you just provide me with the 200 cost centres?

Mr Kidman—Yes, we can take that on notice and provide those.

Senator LUNDY—So you are not able to give me the expected expenditure for sport services because you have not done your sums yet, is that what you are telling me?

Mr Peters—We have prepared our budget and we have it across a different number of lines. Because the pie chart refers to a number of specific areas, we now need to take those costing lines and put them in that chart which will come under the definitions you have asked for.

Senator LUNDY—So what would be the costing lines that would need to be brought together under sport services?

Mr Kidman—Sport services include the High Performance, the Sport Development and the Aussie Able grant programs, the High Performance projects, the High Performance administration program and sports funding administration.

Senator LUNDY—Do you have a dollar figure for the sports funding administration component?

Mr Kidman—Not with me, no. We can take that on notice.

Senator LUNDY—But you are going to provide me with dollar figures against each of those?

Mr Kidman—Yes.

Senator LUNDY—Sports facilities management, as I mentioned, went from 10 per cent and was halved to five per cent. What is the explanation for that?

Mr Kidman—Are you talking about 2001-02?

Senator LUNDY—Comparative figures in the annual reports of 2001-02 and 2002-03.

Mr Kidman—I expect it would be definitional—perhaps building appreciation or something like that has moved, but we will take that on notice and bring those figures back to you.

Senator LUNDY—Mr Peters, that was during your time. Can you remember why that figure changed?

Mr Peters—As I am getting older, my memory is not quite as good—

Senator LUNDY—And it is getting late.

Mr Peters—and 2001 was a fair time ago, but we are happy to get those figures. I would like to think it is something to do with increased efficiency but I cannot guarantee it.

Senator LUNDY—I was going to give you the benefit of the doubt. Obviously, you found a really big efficiency in there somewhere—or perhaps not. You do not have that facilities management figure for this forthcoming budget year on you?

Mr Kidman—Not in the definitions, no.

Senator LUNDY—Will there be any changes to the programs under which the general Sports Commission budget is broken down in the forthcoming financial year or will these reporting elements remain the same? Indeed, in your annual report for 2003-04 are you planning to change them again, or will I be able to compare apples and apples?

Mr Peters—We are planning to have the same definitions that add up to 100 per cent.

Senator LUNDY—You are not looking at any further restructuring?

Mr Peters—We are not looking to change or do any restructures at this stage.

Senator LUNDY—So, as you prepare your annual report, you will be able to provide those figures for 2003-04?

Mr Kidman—Consistently, from the previous year.

Senator LUNDY—And then provide the figures for 2004-05 with the budget estimates?

Mr Peters—We will bring this year's budget figures under those definitions.

Senator LUNDY—Can you also give me the figures for 2003-04 for all of the cost centres?

Mr Kidman—Yes, we can do that.

[11.54 p.m.]

Australian Sports Drug Agency

Senator LUNDY—I have some general budget questions for ASDA. ASDA departmental appropriations for 2004-05 represent an increase of around one per cent or \$65,000. Is this increase in funding adequate to maintain ASDA's current drug testing levels?

Mr Mendoza—Yes, it is.

Senator LUNDY—Revenue from other sources for output 1.1, the drug testing program, is expected to fall by \$642,000, while revenue for other sources for output 1.2 decreased by \$284,000. These both represent significant decreases on the previous years' budgets. Can you explain them?

Mr Mendoza—Those revenues from other sources are from the sale of services on a fee-for-service basis to both domestic sports and international sports. The 2004-05 year represents the first year since 1999-2000 where ASDA will not be undertaking the drug testing program on behalf of the World Anti-Doping Agency. That is the biggest single factor in that fall in output 1.1. In relation to output 1.2, again, that fall is largely due to the fact that we do not have any contracts going forward in relation to the sale of what we call knowledge services. We have had a contract over the last three years with the United States Anti-Doping Agency for the sale of our IT system and with WADA for the development of the athlete passport for the Salt Lake City games and other related activities since. In the period going forward there are no contracts in that area.

Senator LUNDY—As far as WADA not requiring your services, what arrangements will WADA have in place?

Mr Mendoza—From 1 January 2004, the executive and the board of WADA determined that they would take the management of the drug testing program in house. It had been outsourced to the Drug Free Sport Consortium, of which ASDA was a founding member, from March 2000. We completed that contract last year—roughly 14,000 tests over that 3½ year period. About 11,000 of those 14,000 were coordinated by ASDA in roughly 84 jurisdictions around the world. They are now managing that program entirely in house. Australia is in a fortunate position in being on the executive of WADA in that we can continue to monitor how effectively that program rolls out, because it is a particularly important one in terms of levelling the playing field internationally.

Senator LUNDY—How far in advance was that change anticipated?

Mr Mendoza—The decision of WADA was confirmed in June last year. We had planned on the basis that it would go in-house from the end of the last calendar year.

Senator LUNDY—Under the heading of ‘Sales of goods and services’, there is an expected decrease of \$916,000 in revenue from independent sources. Is that the aggregated figure of \$642,000 and \$284,000 or is that over and above the loss of revenue that we have already been through?

Mr Mendoza—I am assuming you are referring to table 2.1.1.

Senator LUNDY—What page is that on?

Mr Mendoza—Page 400. Essentially, coming to the core of your question, that decrease is entirely what I have just attributed to primarily the international income declining substantially. Also our forecasts for domestic income are slightly down. We have major changes going on within Australian sport—for example, the National Soccer League and the change to that competition. We do not have any contract going forward for the provision of services on a user-pays basis for that sport.

CHAIR—We have now reached midnight. I thank you all for appearing at this late hour.

Committee adjourned at 12.00 a.m.