



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## **SENATE**

ENVIRONMENT, COMMUNICATIONS, INFORMATION  
TECHNOLOGY AND THE ARTS LEGISLATION COMMITTEE

ESTIMATES

**(Additional Estimates)**

TUESDAY, 15 FEBRUARY 2005

CANBERRA

BY AUTHORITY OF THE SENATE



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**SENATE**

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

**Tuesday, 15 February 2005**

**Members:** Senator Eggleston (*Chair*), Senators Bartlett, Conroy, Lundy, Santoro and Tchen

**Senators in attendance:** Senators Allison, Bartlett, George Campbell, Carr, Conroy, Crossin, Eggleston, Faulkner, Humphries, Johnston, Lundy, McLucas, Tchen, Webber and Wong

**Committee met at 9.01 a.m.**

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

Consideration resumed from 14 February 2005

**In Attendance**

Senator Coonan, Minister for Communications, Information Technology and the Arts

Senator Kemp, Minister for the Arts and Sport

**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

Ms Lynn Bean, A/g Deputy Secretary, Arts & Sport

**Corporate and Business**

Mr Frank Nicholas, A/g Chief Operating Officer

Mr Mike Hutchings, General Manager, IT and Facilities

**Finance and Budgets**

Ms Jennifer Gale, Chief Financial Officer

**Telecommunications**

Mr Chris Cheah, Chief General Manager, Telecommunications

Mr Simon Bryant, General Manager, Telecommunications Competition & Consumer  
Branch

Mr Brenton Thomas, General Manager, Enterprise, Infrastructure Branch

Ms Carolyn McNally, General Manager, Regional Communications Policy Branch

Mr Maurice Austin, Manager, International Strategy Section

**Broadcasting**

Mr James Cameron, Chief General Manager, Broadcasting

Mr Gordon Neil, General Manager, Licensed Broadcasting

Mr Rohan Buettel, General Manager, Public Broadcasting

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

Mr Tom Dale, General Manager, Strategic Policy

**ICT, Intellectual Property and Regional Communications Initiatives**

Dr Beverly Hart, Chief General Manager, ICT, Intellectual Property & Regional Communications Initiatives Division

Mr Philip Allnutt, General Manager, ICT Industry Branch

Mr Simon Cordina, General Manager, Creators' Rights and Access Branch

Mr James Barr, General Manager – Regional Communications Initiatives Branch

**Information Economy**

Mr Keith Besgrove, Chief General Manager, Information Economy Division

Mr Ashley Cross, General Manager, Security & Business Environment Branch

Mr James Shaw, General Manager, Strategy Branch

Ms Helen McLaren, Manager, Connectivity Strategy & Policy Section

Mr Greg Piko, Manager, Broadband Programs

**Arts and Sport Division**

Mr Colin Lyons, A/g Chief General Manager, Arts & Sport Division

Mr Mark Taylor, A/g General Manager, Arts, Regional and Governance

Mr Peter Young, General Manager, Film and Digital Content

Mr Paul McInnes, A/g General Manager, Collections

Mr Kevin Isaacs, General Manager, Sport

Ms Sally Basser, General Manager, Indigenous Arts & Training

Ms Kate Cowie, General Manager, Old Parliament House

Mr Andrew Sayers, Director, National Portrait Gallery

Mr Les Turner, General Manager, Indigenous Culture & Arts Support

**Agencies****Telstra**

Mr Bill Scales AO, Group Managing Director, Regulatory, Corporate & Human Relations

Mr Geoff Nicholson, Director, Business & Finance Services

Mr Don Pinel, Regional Managing Director, Telstra Country Wide, Queensland

Mr Denis Mullane, General Manager, Integrated Network Planning

Ms Kate McKenzie, Managing Director, Regulatory

Ms Chloe Munro, Managing Director, Human Resources

Mr Greg Adcock, Head of Business & Commercial Operations

Ms Jenny Young, Head, Consumer Segment

**Australia Post**

Mr Michael McCloskey, Corporate Secretary

Mr Michael Tenace, Financial Controller

Mr Rod McDonald, Group Manager, Human Resources

Mr Terry Sinclair, Group Manager, National Logistics

Mr Stephen Walter, Group Manager, Corporate Public Affairs

Mr Allan Robinson, Group Manager, Letters

Mr Glenn O'Bryan, Acting Group Manager, Retail

**Australian Communications Authority (ACA)**

Dr Bob Horton, A/g Chairman

Mr Allan Horsley, A/g Deputy Chairman

Mr Geoff Luther, A/g Member

Mr Paul White, A/g Senior Executive Manager, Telecommunications

Mr Mark Loney, Executive Manager, Corporate Management

Mr John Neil, Executive Manager, Telecommunications Analysis

Mr John Haydon, Executive Manager, Consumer

Mr Darren Hooper, Chief Financial Officer

**Australian Broadcasting Corporation (ABC)**

Mr Russell Balding, Managing Director, ABC

Mr Colin Knowles, Director, Technology and Distribution

Mr David Pendleton, Chief Operating Officer

Mr Murray Green, A/g Director, Strategy & Communications

Mr Michael Ward, Head, Policy and Administration, Television Division

**Special Broadcasting Service Corporation (SBS)**

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 Broadcasting Authority (ABA)**

Ms Lyn Maddock, A/g Chair

Ms Andree Wright, Director, Industry Performance and Review

Mr Richard Fraser, Senior Project Officer

Mr Fred Gengaroli, A/g Director, Planning

Mr Giles Tanner, General Manager/Acting Member

**Australia Council**

Ms Jennifer Bott, Chief Executive Officer

Ms Karilyn Brown, Executive Director, Audience & Market Development

Dr Catherine Brown-Watt, Director, Major Performing Arts Board

Ms Megan Coombs, Executive Director, Finance and Services

**Australia Business Arts Foundation (AbaF)**

Ms Winsome McCaughey, Executive Director

**National Library of Australia (NLA)**

Ms Jan Fullerton, Director-General

Mr Gerry Linehan, Assistant Director-General, Corporate Services

**National Gallery of Australia (NGA)**

Mr Ron Radford, Director

Mr Alan Froud, Deputy Director

**National Museum of Australia (NMA)**

Mr Craddock Morton, Director

Ms Freda Hanley, General Manager—Collections, Content & Technology

Ms Suzy Watson, General Manager, Operations

Ms Louise Douglas, General Manager, Public Programs and Audience Development

Mr Jeff Smart, Chief Finance Officer

**National Archives of Australia (NAA)**

Mr Ross Gibbs, Director-General

Ms Jenny Anderson, Assistant Director-General, Corporate

**Australian Film Finance Corporation (FFC)**

Mr Brian Rosen, Chief Executive Officer

**Australian Film Commission (AFC)**

Dr Paolo Cherchi Usai, Director National Screen and Sound Archive

Mr Kim Dalton, Chief Executive Officer

**Australian Sports Commission (ASC)**

Mr Mark Peters, Chief Executive Officer

Mr Brent Espeland, General Manager, Sport Performance and Development

Ms Lois Fordham, General Manager, Business Operations

**Australian Sports Drug Agency (ASDA)**

Mr Kim Terrell, Acting Chief Executive

Ms Anne Gripper, A/g General Manager, Operations

Ms Catherine Rule, A/g General Manager, Strategy and Support

**CHAIR**—This morning we resume the examination of the Communications, Information Technology and the Arts portfolio, starting with those programs not completed last night. We will then move on to the Arts and Sport programs. I welcome the Minister for Communications, Information Technology and the Arts, Senator the Hon. Helen Coonan. Do you wish to make an opening statement for this section of the hearing, Minister?

**Senator Coonan**—No.

**CHAIR**—Before we move to questions I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. I also remind officers that they will not be asked to express an opinion on matters of policy and shall be given reasonable opportunity to refer questions asked to superior officers or to a minister if need be. Finally, witnesses are reminded that the evidence given to the committee is protected by parliament privilege and I also remind you that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. We will begin with Australia Post.

[9.03 a.m.]

**Australia Post**

**Senator GEORGE CAMPBELL**—I am not sure who to address this question to. It relates to the move of the post office from Spring Street in Bondi Junction into the Westfield shopping centre. Who is familiar with that?

**Mr McCloskey**—I may be able to answer any questions you have on that.

**Senator GEORGE CAMPBELL**—How long was Australia Post situated in Spring Street before the move?

**Mr McCloskey**—I am not sure exactly. I know that the most recent contract lease signed for the Spring Street premises was in 2001. That lease was for three years with an option of a



two-year extension. As I understand it, at the insistence of the council it included what has been described to me as a ‘demolition clause’. In other words, there was a lack of certainty over the ability of the tenancy to run for the full duration of the lease.

**Senator GEORGE CAMPBELL**—What motivated the Australia Post decision not to renew the lease on the Spring Street premises and to move into Bondi Junction and the Westfield shopping centre?

**Mr McCloskey**—There were a number of factors as I understand it: the lack of certainty over the lease was one issue; the level of rent payable on that particular premises, which was the second highest of any postal outlet in New South Wales; the lack of parking in the area for customers; and the limitations on the number of private boxes that were in the facility.

**Senator GEORGE CAMPBELL**—When you say ‘uncertainty over the lease’, did Australia Post attempt to renegotiate the lease with Waverley Council?

**Mr McCloskey**—I believe that we gave verbal notice in February of last year of our intention not to exercise the option when the three-year lease expired, which would have been in October last year.

**Senator GEORGE CAMPBELL**—Did you seek to renew the lease? Did you seek to have discussions with the council about the possibility of renewing the lease?

**Mr McCloskey**—I do not think the council sought to have discussions with us and, no, we did not seek to initiate those discussions. We had other options that were emerging and we gave council notice at that stage.

**Senator GEORGE CAMPBELL**—Didn’t Mr Worner, the manager of property services at the council, offer to discuss the possibility of continuing at Spring Street with you?

**Mr McCloskey**—I am not sure of the detail and would have to take that on notice. My understanding is that, when we provided notification in February last year, the response from council was could we just put that formally in writing at an appropriate time. The response to that, subsequently, was along the lines of just going through the arrangements that were necessary and what Post would have to do to make good the premises on vacating it in terms of formal correspondence.

**Senator GEORGE CAMPBELL**—My advice is that the council offered to renegotiate the lease with you and that you did not take up the offer.

**Mr McCloskey**—That may be the case. I could not comment on that. I know that we certainly were negotiating a much more attractive proposition in the alternative premises in the shopping centre at that stage.

**Senator GEORGE CAMPBELL**—What was the value of the lease of the Spring Street premises?

**Mr McCloskey**—I do not have that information. I would have to take that on notice.

**Senator GEORGE CAMPBELL**—Would you take that on notice. Can you also take on notice to provide what you are currently paying for the new premises at Westfield, including any incentives that Westfield might have offered you to relocate there.

**Mr McCloskey**—I am happy to do that.

**Senator GEORGE CAMPBELL**—Did Australia Post conduct any research on the impact of moving the post office from the community?

**Mr McCloskey**—Our belief was that moving the post office into the shopping centre would, for the majority of people who would use it, be a much more convenient location. Parking would be available. In fact we have three different points of contact with the public on three different levels within the shopping centre. We have increased our private box suite by 23 per cent. The revenue or custom that has been generated through the outlet has increased by 24 per cent over the Spring Street premises, and the customer numbers coming through the outlet have increased from 1,900 per day to 2,300 per day.

**Senator GEORGE CAMPBELL**—You did not do any research with the community about the impact of moving the post office into Westfield?

**Mr McCloskey**—I would have to take that on notice as to exactly what research would have been undertaken, but certainly there was consultation and discussion with representatives of the community at different times.

**Senator GEORGE CAMPBELL**—Can you take on notice what that consultation comprised of and with whom or what groups you conducted the consultation.

**Mr McCloskey**—I shall do that.

**Senator GEORGE CAMPBELL**—Have you received any complaints from customers or from people who cannot find or access the post office in the new location?

**Mr McCloskey**—There have been a number of representations that have been received in relation to the move.

**Senator GEORGE CAMPBELL**—How many?

**Mr McCloskey**—I would have to take that on notice.

**Senator GEORGE CAMPBELL**—Please take it on notice and, if it is not too big, give us a list. We would like at least the number of representations that have been made—

**Mr McCloskey**—I would be happy to do that.

**Senator GEORGE CAMPBELL**—and the reasons for the representations. Can you also give us the figures on the total rentable area at Spring Street and in Westfield.

**Mr McCloskey**—I am happy to do that.

**Senator GEORGE CAMPBELL**—Why did Australia Post make the decision to locate the services at Westfield over three separate locations? Was that a conscious decision by Australia Post or was that all that was available?

**Mr McCloskey**—No, as I understand it, it was a conscious decision by Australia Post. We have a fully fledged PostShop on one level; on another level we have a kiosk operation, where people can do simple transactions as they pass by; and, on another level we have a place for the lodgment of bulk mail, where people can do bill payment transactions—which they can do in the other premises as well—and where the private box suite is located.

**Senator GEORGE CAMPBELL**—Does Australia Post have a benchmark rental figure that they use to determine where they will locate or not locate post offices?

**Mr McCloskey**—We will negotiate the best possible deal we can get with a view to ensuring that the outlet will be commercially viable.

**Senator GEORGE CAMPBELL**—But do you have a benchmark figure or do you just pay what the market will bear?

**Mr O'Bryan**—There are various rentals. This is a major shopping centre, and we have a feel for what major shopping centre rental is but, if you are going to a strip location, there will be a different rental strata. It varies from state to state and city to city.

**Senator GEORGE CAMPBELL**—So you do not have a benchmark?

**Mr O'Bryan**—No, not one single benchmark.

**Senator GEORGE CAMPBELL**—You will pay what the market will bear. As a matter of curiosity, which is the post office in New South Wales that pays more rent than Spring Street?

**Mr McCloskey**—I would have to take that on notice. I had just been informed that Spring Street was the second most expensive rental property.

**Senator GEORGE CAMPBELL**—You might take that on notice, and also tell us the square metres that are rented there and the amount you are paying per square metre.

**Mr McCloskey**—Yes.

**Senator GEORGE CAMPBELL**—Were inducements offered by Westfield to move into the new shopping centre?

**Mr McCloskey**—I think the negotiations would have been on a commercial basis and we would have arrived at a particular agreement over the rent that was to be paid.

**Senator GEORGE CAMPBELL**—Were you offered rent-free periods or fit-outs?

**Mr McCloskey**—I am not sure of the details. I would have to take that on notice.

**Senator GEORGE CAMPBELL**—Would you take that on notice, and also take on notice when the real rental price kicks in, what that real rent into the future will be and when it is up for renegotiation.

**Mr McCloskey**—Yes.

**Senator GEORGE CAMPBELL**—How long is the current lease with Westfield?

**Mr McCloskey**—I would have to take that on notice. I imagine it is for—I would be guessing—three or five years, but I do not have that information.

**Senator GEORGE CAMPBELL**—Would you take that on notice also. Under the Australian Postal Corporations Act, you have social obligations to deliver services. How do Australia Post interpret the way they meet those commitments? How do you satisfy that you have met the commitment—by providing a post office or outlets for various services? Does location come into it? Do you look at the community you are trying to service to ensure that disabled people have proper access et cetera?

**Mr McCloskey**—We have, also under the act, a series of performance regulations that have been prescribed by the minister which go to things such as access. For example, we are required to maintain 4,000 postal outlets nationally, of which 2,500 have to be regional, rural and remote areas. The regulations provide that—

**Senator GEORGE CAMPBELL**—You could argue that a couple of these at Westfield are in remote areas.

**Mr McCloskey**—It is not just numbers; the regulations also prescribe that, for example, in metropolitan areas, 90 per cent of residences must be within 2.5 kilometres of a postal outlet. In non-metropolitan areas, 85 per cent of residences must be within 7.5 kilometres of an outlet. Those regulations provide the sort of framework within which the retail network dispersion occurs.

**Senator GEORGE CAMPBELL**—Did you say 2.5 kilometres?

**Mr McCloskey**—Ninety per cent of residences in a metropolitan area must be within 2.5 kilometres of a postal outlet.

**Senator GEORGE CAMPBELL**—If I were to take a compass and draw a 2.5 kilometre ring from each of the post offices on this map of Wentworth, they would all overlap?

**Mr McCloskey**—As I understand it, Wentworth is very well serviced in terms of postal outlets. There is quite a number.

**Senator GEORGE CAMPBELL**—It would appear that parts of it are, yes. That is true.

**Mr McCloskey**—I do not have the map that you are looking at.

**Senator GEORGE CAMPBELL**—That was not the point I was asking. The point I am trying to get is that, if I drew a 2.5 kilometre radius with a compass from each of those post offices, the theory is that they should overlap or touch. Is that the principle upon which you determine the residences being within the radius?

**Mr McCloskey**—I think you will find, Senator, that many of the outlets in any area have been in place for many, many years and, while there will be some changes over time, the actual configuration is not really based on prescribing a radius and ensuring that everything is within 2.5 kilometres. The regulations are such that they apply on a national basis, and we must meet that regulation nationally. It is 90 per cent of residences in metropolitan areas. It does mean that, in some cases, there will be residences that may not be within 2.5 kilometres of the nearest postal outlet.

**Senator GEORGE CAMPBELL**—Let me understand what you are saying, Mr McCloskey. You could have areas where in fact the access to post offices is very sparse and in other areas extremely cluttered. That would give you your ratio overall over the country. Is that what you are saying?

**Mr McCloskey**—What I am saying is that there will be variations in the density, certainly.

**Senator GEORGE CAMPBELL**—But I would have thought the 90 per cent within the 2.5 kilometres would have been your outer limit. Is that not true?

**Mr McCloskey**—The actual audited figure for last year was 94 per cent of metropolitan residences. The metropolitan areas stretch for quite a distance too, of course, and include outer metropolitan areas and areas that we might not immediately think of as being metropolitan. It is a definition that was put together some years ago by the department of primary industry, and it is on that that our regulations are based. So you will find that, in some instances, there will be a greater concentration and in other instances perhaps less of a concentration.

**Senator GEORGE CAMPBELL**—How do you average that out over the country? Explain that to me. How do you come up with that figure of 94 per cent?

**Mr McCloskey**—We do not come up with that figure; it is audited independently by the Australian National Audit Office. There are systems and geocoding and all that sort of stuff, and overlays of census data determine the outcome.

**Senator GEORGE CAMPBELL**—Do you know how they determine the outcome?

**Mr McCloskey**—The technical side of it? No, I do not know.

**Senator GEORGE CAMPBELL**—Previously, families and businesses had 24-hour access to their post-office boxes at the Spring Street post office. That is no longer the case at Westfield, as I understand it.

**Mr O'Bryan**—I understand the private boxes at the new location are in the car park. I have been there myself and I think they would have 24-hour access there.

**Senator GEORGE CAMPBELL**—The car park is not open 24 hours a day.

**Mr O'Bryan**—We have had to install security lighting there to illuminate the area. We would be happy to take that on notice. I was pretty confident that they would have had access 24 hours a day there.

**Senator GEORGE CAMPBELL**—Not to my knowledge, and I use the area pretty regularly. I only live around the corner. There has never been 24-hour parking access at Westfield. There may be on some occasions, but not on all occasions. But perhaps you can take that on notice and check it out. It is an issue that has been raised by businesspeople not being able to access their post-office boxes. What about the problem that has been raised by a number of tradespeople, who are more inclined to use that type of facility, that they cannot access the car park because they cannot get their vans in with the equipment on top of them—they cannot physically get into the car park?

**Mr McCloskey**—I would have to take that on notice. I have not seen any complaints of that nature.

**Senator GEORGE CAMPBELL**—Could you check how many complaints have been made in these areas.

**Mr McCloskey**—I am happy to do that.

**Senator GEORGE CAMPBELL**—Mr McCloskey, when the post office was moved to Westfield, did you attempt to obtain an area that was at ground-floor level?

**Mr McCloskey**—We would have negotiated what we thought was the best outcome both from a commercial point of view and from a customer point of view. We are spread over three levels at Westfield. I think that the customer figures that I quoted earlier and the business figures indicate that what we have done has generally met with customer acceptance. We would acknowledge that, in any move that takes place, there will always be some people who are disadvantaged or for whom access is not as convenient as it might previously have been, but overall we are confident that the vast majority of our customers are better served by the set-up in Westfield than they were with the previous set-up at Spring Street.

**Senator GEORGE CAMPBELL**—But the point I am raising is: did you seek to obtain a facility that was at ground-floor level or adjacent to the entrances at Westfield when you sought to relocate there?

**Mr McCloskey**—I would have to take that on notice. I was not involved in the negotiations, but as a general principle we would be looking for the best outcome, balancing both the commercial imperatives and the customer needs, and that would not always necessarily mean a location right by the main entrance to the shopping centre.

**Senator GEORGE CAMPBELL**—Are you aware of the level of complaints you have had from persons with disabilities, concerned about their inability to access the post office?

**Mr McCloskey**—I would have to take that on notice.

**Senator GEORGE CAMPBELL**—Are the locations of the three facilities you outlined well signposted within the centre?

**Mr McCloskey**—I believe they are.

**Senator GEORGE CAMPBELL**—That is interesting, because I have never seen them. What type of signposting is there?

**Mr O'Bryan**—We have been talking with Westfield about signage, particularly for the street posting boxes that are located near the lifts on the level where the Post Shop is. Westfield have committed to putting additional signage there for us. We are going through the process of getting those put in now.

**Senator GEORGE CAMPBELL**—This is where the postboxes are?

**Mr O'Bryan**—This is the postbox where you post mail. If you know the location, it is around where the lifts are.

**Senator GEORGE CAMPBELL**—Yes, it is sometimes very difficult to find the lifts. It is a big shopping centre.

**Mr O'Bryan**—Yes, we have had complaints there that I personally know about and we are working with the centre management to improve the signage there particularly for those street posting boxes.

**Senator GEORGE CAMPBELL**—Are those the ones on Bronte Road?

**Mr O'Bryan**—No, they are actually in the shopping centre.

**Senator GEORGE CAMPBELL**—They are inside the shopping centre.

**Mr O'Bryan**—They are inside the shopping centre in the lift well around the corner from where the Post Shop is. When they are in a shopping centre of that size, we usually try to locate street posting boxes out at the front of the Post Shop but, with centre management, we are only able to put them around the corner. It is that signage that I am referring to.

**Senator GEORGE CAMPBELL**—Do they have disabled car parking adjacent to the postboxes in the car park?

**Mr O'Bryan**—There is car parking reserved for short periods of time for people to set down, like a loading bay. As far as disabled parking goes, I would have to take that on notice.

**Senator GEORGE CAMPBELL**—Could you take that on notice. To my knowledge there is no disabled parking in the vicinity of those postboxes.

**Mr O'Bryan**—I will have to take the question about disabled parking on notice. There certainly are loading zones for people to unload their mail and pick up their mail.

**Senator GEORGE CAMPBELL**—In your letter that you sent to the member for Wentworth, Mr Turnbull, you said that customer figures for December 2004 show an increase of around 400 customers per day compared with the previous year's figures when trading at Spring Street. What additional services are those additional customers accessing that were not accessed at Spring Street—or is it across a range of services?

**Mr McCloskey**—It would be across a range of services. Exactly the same services that were available in Spring Street are now available in Westfield.

**Senator GEORGE CAMPBELL**—Can you get me the figures for customers at Spring Street over a five-year period. Because you and I both know that Bondi Junction over the past two or three years has been like a war zone, with major construction going on, and that customers have declined generally at the shopping centre over that period. If you could go back over the five-year period then maybe that will give us a better figure in terms of the level of transactions that are taking place in the new facility.

**Mr McCloskey**—I am certainly happy to have a look. I am not sure how detailed our records will be going back but, with that qualifier, I will certainly let you have whatever is available.

**Senator GEORGE CAMPBELL**—They are certainly detailed enough for the past 12 months. In your letter you say that the postboxes in the car park are well serviced and signposted. People have access to them. Would it strike you as strange, Mr McCloskey, to know that we have had an email from a local resident who says Australia Post responded to a message from this inbox, which I presume is her email, saying that it was inadvisable to enter the Westfield P6 level as a pedestrian?

**Mr O'Bryan**—Does that refer to where the post-office boxes are in the car park?

**Senator GEORGE CAMPBELL**—Yes.

**Mr O'Bryan**—As in any car park there are designated walkways. I would imagine that it would be inadvisable to come up from where all the cars enter.

**Senator GEORGE CAMPBELL**—Why would Australia Post email this person back and tell them that it is inadvisable to enter the P6 level as a pedestrian? In other words, it is inadvisable to go in there as a pedestrian to access the postboxes.

**Mr O'Bryan**—From the lift well going down to the car park level there is certainly easy access from inside the shopping centre to those private boxes. I can only make an assumption, Senator, that this person has requested to come in from the street where the cars come in from.

**Senator GEORGE CAMPBELL**—There may be easy access, but what this person is complaining about is that there is no provision for pedestrians, that there are no marked areas set aside as walk areas for pedestrians. Australia Post itself is saying that it is inadvisable to enter the level as a pedestrian. In other words, it is saying to the customers, 'You should go by vehicle.' Yet you have been telling people that there is easy access to the postboxes as a pedestrian or by vehicular traffic.

**Mr O'Bryan**—I have been there myself, and I found it very easy access from the shopping centre by going down the lift well and walking around to access the private boxes. You certainly do not come into any contact or into any perceived danger with cars.

**Senator GEORGE CAMPBELL**—Is that clearly marked as a pedestrian area?

**Mr O'Bryan**—I found it clearly marked. If you like, we can take that on notice and provide a map for you to highlight those areas.

**Senator GEORGE CAMPBELL**—No, I can go myself. I will be there on Friday and I will walk around. But is there a specific area set aside for pedestrian traffic to and from those post-office boxes?

**Mr O'Bryan**—From my memory there are certainly clearly marked car parking areas, there is clearly marked access from the lift well around to the private boxes and there is sufficient gap between where the cars are parked for people to access their boxes.

**Senator GEORGE CAMPBELL**—But is there a line on the ground that says, 'Pedestrian walkway' or 'Pedestrians only'? There are in other parts of the car park.

**Mr O'Bryan**—I do not know that for sure. I do not know whether they are actually physically marked up that way, but we can take that on notice and provide it to you.

**Mr McCloskey**—Senator, if it were of interest, I would be very happy to arrange for our state retail manager to escort you around, to show you everything that has been done and to provide the detailed explanations—indeed, to provide information to the level of detail that we are unable to do here today.

**Senator GEORGE CAMPBELL**—Can you give me a contact point where I can contact that individual to make arrangements to go and see.

**Mr McCloskey**—We are very happy to do that.

**Senator CONROY**—I want to ask about Australia Post's dealings with a company called Multimedia International Services. The company is attempting to sell screens for advertising in licensed post offices. Can Australia Post explain what the situation is with regard to the installation of these screens? Can they be installed in licensed post offices? There seems to be conflicting advice at the individual level on the ground as well as directly to Multimedia.



**Mr O'Bryan**—Yes, certainly. I have been involved in all the discussions with Multimedia. Multimedia first approached us in February last year. They put a proposal to us which we declined to take up in our corporate outlets. We outlined to them that half of the licensed post offices, of which we have about 3,000 in rough terms, are run in conjunction with another business. It is in the Licensed Post Office agreement that we have with each licensee that, if they wish to offer products or services in the post office part of their business, they have to have the express approval of Australia Post. We have not given express approval to Multimedia for the advertising screens. Therefore, Multimedia can only deal with licensed post offices that have an in-conjunction business and to install this screen or monitor in the in-conjunction part.

**Senator CONROY**—So there are 1,500 that they can deal with because they are what you describe as 'in-conjunction'?

**Mr O'Bryan**—Yes. The other 1,500 are what we refer to as stand-alone, so they are outlets solely geared up to display post office products and services. We are very particular about our brand—we are very proud of our brand, and we want to make sure that anything that is for sale within the designated area of a post office has got some quality behind it when we give full backing to it. We are very particular about products and services that go into the post office and the effect that they have on the brand. Certainly we do not see Multimedia advertising third-party people as fitting in with our brand.

As I said, each licensee has an individual agreement with us and needs express approval to place any product or service in the post office part. I have met with the managing director of Multimedia—it is a UK company—when he came out to meet us in October last year. We reiterated our position to him, because I think within the company it was unclear. We certainly made clear with a face-to-face meeting this relationship between the 1,500 stand-alones and the self-contained nature of them. The managing director wrote a letter to our chairman, and I assume he now understands the relationship that we have with our licensees and is going about targeting only in-conjunction businesses. We have offered to give them a list of the in-conjunction businesses to help make it clear. They have not taken us up on that offer but we are quite prepared to give them that list.

**Senator CONROY**—Are there any stand-alone retail postal outlets where the total premises is not dedicated to post office activity?

**Mr O'Bryan**—No, there cannot be. A stand-alone means the total premises. What each individual licence agreement has is a floor plan which should be clearly marked for what is designated as a post office part and, in the case of these 1,500 in-conjunctions, what is the in-conjunction part.

**Senator CONROY**—So if they are stand-alone, presumably there is no floor plan because, on your understanding, those stand-alone floor plans would designate the entire floor?

**Mr O'Bryan**—Correct.

**Senator CONROY**—I am looking at a letter that Mr McCloskey sent to Mr Reid, and it reads slightly ambiguously, which is why I asked that last question. It says: 'In these circumstances our position is that advertising screens cannot be installed in stand-alone retail

postal outlets where the total premises is dedicated to post office activities.’ That suggests to me that there are some stand-alone outlets where the total premises is not dedicated to post office activities. But you believe the stand-alones are 100 per cent? There are not any that have a little corner or anything like that?

**Mr O’Bryan**—No, by nature of us calling them stand-alone, there would not be.

**Senator CONROY**—I understand the point you have made but the way in which Mr McCloskey has expressed this by nature is not what is implied. In fact, the opposite is implied from this. I could have totally misread it.

**Mr O’Bryan**—I can give you an example where one of these screens was installed in quite a large outlet on the Gold Coast, and we viewed that as a stand-alone outlet. But since discussions between the licensee and the area manager, because it is such a large outlet we managed in consultation with the licensee to redo the floor plan to allow for an area that we call ‘in-conjunction’. So we have allowed that licensee to change the makeup of his outlet from a stand-alone to an in-conjunction to facilitate him putting in that screen. So it can change over time.

**Senator CONROY**—So it is possible for an individual licensee of what you would currently define as a stand-alone to say, ‘It is so big and I have so much space; can we talk about a slight variation?’

**Mr O’Bryan**—Yes, but I might go on to say that there is another outlet on the Gold Coast that is quite a small outlet and that wants to display a screen. At the moment, we are taking the line that with such a small outlet they do a lot of postal business and we do not see the need for them to annex off any part and turn that into an in-conjunction part.

**Senator CONROY**—So it is individual circumstances. Does the contract with licensees state that any form of advertising in an LPO must be approved by Australia Post?

**Mr O’Bryan**—Correct.

**Senator CONROY**—Even though they may be in-conjunctions? I am just looking at the words ‘LPO’.

**Mr O’Bryan**—Yes.

**Senator CONROY**—I have an LPO information bulletin here which states that this type of advertising is not allowed to be present in any part of a licensed post office. It does not distinguish between the stand-alones and the in-conjunctions.

**Mr O’Bryan**—If an in-conjunction is going to advertise in the other part of the business, first they are not allowed to advertise any products or services—

**Senator CONROY**—Conflicts. I do not think anyone would want to use that if it is a conflict with anything that you guys produce yourselves. No-one has a drama about that at all.

**Mr O’Bryan**—But yes, they are quite able to advertise other things that are on a non-competing basis. Still, they have to have our approval. I have said to Multimedia that we will give that approval.

**Senator CONROY**—What does the contract say about third-party products—the sale of third-party products in either an in-conjunction or one of your stand-alones?

**Mr O’Bryan**—Again, it says that in a stand-alone they have to have our express approval to do that. From time to time, our area managers who frequent these stores on some regular basis come across outlets that have for sale items that are not approved. We ask them to take them out, and generally they oblige and take those things out. In an in-conjunction outlet, we have what we call annexure B where, in an in-conjunction part, they cannot do things like banking or have private boxes or sell things that would compete directly—items like express post, letters and that type of thing.

**Senator CONROY**—A little earlier you suggested getting that list of the in-conjunctions. Would it be possible for the committee to get the list? Is there any problem with the committee having the list?

**Mr O’Bryan**—This committee?

**Senator CONROY**—Yes.

**Mr O’Bryan**—I have no problems. We would have to take that on notice. I would have to go back and compile it, of course.

**Senator CONROY**—You indicated that, if it was asked for by them, it would be available.

**Mr O’Bryan**—Yes.

**Senator CONROY**—So I presume it is not commercial-in-confidence.

**Mr O’Bryan**—No, but it will take us a bit of time to get it. We do not have a central list. But we said that we would get that list for them if they asked.

**Senator CONROY**—I would just be interested in the difference between them. Have you approved any sale of third-party products in the stand-alones? Who gives that approval? Do they all come to your desk or do they come to your area regional managers?

**Mr O’Bryan**—They would not all come to my desk.

**Senator CONROY**—I hope not, for your sake.

**Mr O’Bryan**—I would have to take that on notice. I do not know of any specific examples of it, but I could not comment. I would not be the approving officer. The approving person would be in the state domain.

**Senator CONROY**—Do you cast your eye over them centrally? Is it possibly that in some states there have been approvals and in other states there have been rejections of the same third-party goods? How do you police consistency across states?

**Mr O’Bryan**—None that I know of. We certainly bring our states together and talk about these sorts of issues. Over this sort of issue—about Multimedia, a company that was envisaged to go Australia wide—I certainly made the position clear to each of the states so we had a clear, consistent position applying across the country. In relation to other products, I know of a couple of examples in previous years where we have also put out memos or licensee bulletins or whatever to make sure that there is consistent application across the country.

**Senator CONROY**—It is important from your perspective that you do not get tripped up on the fact that, if Queensland has approved this third-party product and Victoria has knocked it back, you are left looking silly at the end of the day.

**Mr O'Bryan**—Yes.

**Senator CONROY**—Do all LPOs of both descriptions have floor plans?

**Mr O'Bryan**—No. I have spoken to all the states and not all have a floor plan. We have instructed all the area managers to go around. The floor plan has to be an agreed floor plan so it is not one that we can just arbitrarily dump on a licensee.

**Senator CONROY**—Sure. I know you said that the larger one on the Gold Coast is negotiating and you have reached an agreement—

**Mr O'Bryan**—Yes.

**Senator CONROY**—that it can be moved from what you, in your head, would have said was a stand-alone situation to one that is an in-conjunction situation. So you are in a situation where you have to have an agreed floor plan.

**Mr O'Bryan**—We have to agree. It is stated that the floor plan has to be agreed between the licensee and Australia Post so that for those places where there is not a floor plan appended to the licensee agreement, we have instructed the state managers and area managers to go out and, over a period of time, make sure that that happens.

**Senator CONROY**—Let us say that I have what you would deem to be a stand-alone situation but there is no floor plan. What would be legal status of you saying that I cannot put up one of these screens? If there is not an agreed floor plan by definition you cannot actually say that it is only a stand-alone situation?

**Mr O'Bryan**—We have instructed our area managers to go out and if that was the particular case the first point would be to talk and get agreement about the floor plan. That procedure should come first if it is not already there.

**Senator CONROY**—These screens are very small, relatively. Is that right? I know this won't work for Hansard but are they as big as that window or are they as big as the broadcasting booth window?

**Mr O'Bryan**—I understand that they are 17 inch LCD screens.

**Senator CONROY**—So it is relatively small.

**Mr O'Bryan**—Yes.

**Senator CONROY**—So if every single LPO that did not have an existing floor plan said, 'Well, we'd like 17 inches of the floor plan not to be stand-alone,' what would that mean? More importantly, where they do not have a current floor plan if they put up a screen, can you legally make them take it down?

**Mr O'Bryan**—We have a case at the moment where we have activated our dispute resolution process with an outlet on the Gold Coast. It is the one I mentioned before—a small outlet. There is a good postal business there, clearly identified, and there is no other business in there. It is a post office.

**Senator CONROY**—Is there a floor plan in that case?

**Mr O'Bryan**—I understand there is. I have not seen it.

**Senator CONROY**—So you have an existing floor plan in this particular instance and they have put a screen up?

**Mr O'Bryan**—They have put one up so we have instituted a dispute resolution process with the licensee and we are going through a process with a view to getting that removed. That has not been finalised yet. That is in the hands of the local management up there on the Gold Coast. That is our intention at the moment.

**Senator CONROY**—But you have a floor plan there so you feel you are in a very strong position, legally?

**Mr O'Bryan**—We do, Senator.

**Senator CONROY**—Do you have any idea how many of those 1,500 LPOs do not contain floor plans?

**Mr O'Bryan**—No.

**Senator CONROY**—Would it be a majority?

**Mr O'Bryan**—A majority would have a floor plan, Senator.

**Senator CONROY**—Do you have them centrally somewhere? I presume the plans are in each state. Have you collected them centrally and had a look at that, or have you asked each state to give you an assessment?

**Mr O'Bryan**—We have asked each state to give an assessment and if I did a back of the envelope calculation I would say that about 80 per cent would have floor plans.

**Senator CONROY**—Okay, 80 per cent would have.

**Mr O'Bryan**—But I would not like to be held to precisely that figure.

**Senator CONROY**—I understand that it is an indicative figure. Have you been checking that each state's bulletin is giving consistent advice? I have been told that there are examples in different states where slightly different interpretations are being given by area managers. That is why I was asking about consistency before. Just for your own sake, I was trying to making sure that you are giving consistent advice.

**Mr O'Bryan**—Multimedia did raise that with us and I personally went out, checked, and spoke with each of the states to make sure that the advice that they were giving was consistent. I am satisfied that that is the case.

**Senator CONROY**—So, you do not believe that any inconsistent advice has been given at this stage?

**Mr O'Bryan**—No. I am talking about when they raised it with me. When Multimedia raised it with me, I went back and spoke to the states involved. They are primarily in three states, the eastern seaboard states, at the moment as I understand it. I have spoken to all of them directly, and I am confident that the interpretation they are applying is the one that is consistent on a national level.

**Senator CONROY**—If you found that an officer was advising incorrectly, what would happen? You would speak to them, you would give them a warning—

**Mr O'Bryan**—If they were giving incorrect advice, we would certainly take that issue on and correct that advice as soon as we found out with the people involved.

**Senator CONROY**—Does Australia Post have any plans to introduce a product similar to that offered by Multimedia?

**Mr O'Bryan**—Over the years, we have had many approaches from many organisations wishing to put in advertising screens. It seems to be a marketing phenomenon that is happening overseas, and Australia usually lags behind some of these marketing initiatives.

**Senator CONROY**—I was overseas very recently and I was at a stand-alone newsagent stand in a city square. There was one of these screens up there, so they are certainly bobbing up all over the place in all different sorts of retail outlets.

**Mr O'Bryan**—We have to be very careful here, Senator. This is where we are taking a very conservative approach because of the effect on our brand. As recently as last week, I have had to write to Multimedia. We have had a representation from a person who has actually advertised on their screen and thought that it would be advertised under the Australia Post name. I have had cause to write to Multimedia to say that it appears that one of their representatives—

**Senator CONROY**—Was this a client?

**Mr O'Bryan**—Yes, a client—

**Senator CONROY**—A client of Multimedia that is advertising on the screen?

**Mr O'Bryan**—A tradesman—a plumber, in fact—who is quite upset with Multimedia. I have written back to Multimedia to say that their inference is that we are supporting it, and that is certainly not the case. I am waiting for feedback from Multimedia for that. It is those sorts of things that we are very, very concerned about—our image. This tradesman here has allegedly been told by Multimedia—

**Senator CONROY**—So he believed that Australia Post were endorsing his product either because they told him or because he just assumed, because it was being advertised in an LPO, that that sort of gave greater support.

**Mr O'Bryan**—An inference of our support, yes. They started out advertising it with a brand name of Post Office TV. That is what they presented to us, and we asked them to stop using that name.

**Senator CONROY**—But that was when they were pitching to you for, if you like, a global deal.

**Mr O'Bryan**—Yes, it was, and afterwards. There no problems with that, Senator. When we raised that with them, they agreed to take that off. It appears though that the contract that this person has signed still uses the words 'Post Office TV', and that is why I have written a letter to the Multimedia director and asked him to please respond. I do not expect any drama, though.

**Senator CONROY**—I was asking whether or not you plan to introduce a similar product.

**Mr O'Bryan**—Not at this stage. As I say, there has been any number of organisations that have come to us with that sort of pitch. The only way we would look at it at the moment would be as something to advertise our own products and services, our own brand and stuff like that. Putting a screen like that and streaming media in there is not economical for us at the moment. It is certainly not in our short-term plans but, I suppose, as the technology gets cheaper, it might be something that we would reconsider. As a first step, we would only ever do our own products and services and advertise our own, who we are actually agents for. We might advertise that—say, the Commonwealth Bank, Amex, Telstra and those sorts of people—but it would certainly be focused on our own products or our own services.

**Senator CONROY**—Thanks for that. I may have a couple of follow-up questions a little bit later, but I will move on. It was recently revealed that Australia Post spent \$5.5 million on advertising last year. Can you give us an indication of where this money has been spent and what it was that drove this level of expenditure? It just seems like a significant amount. I think it is the fourth highest of any government agency.

**Mr Walter**—I do not have full advertising details with me, but areas like express post and POST billpay are major products making up an important part of our revenue. In real terms our advertising expenditure, compared with corporations our size, is quite modest, but it is really in those key areas, where we have a range of products and services, that we advertise consistently through the year.

**Senator CONROY**—How does this level of advertising compare to previous years?

**Mr Walter**—Similar levels. I do not have the figures with me but, in fact, it could have been slightly down on previous years. We did not have any corporate campaign that might encapsulate all our products and services. We did not have major television campaigns. A lot of this is print, direct mail and very little advertising on television. I think express post would possibly be the only product we advertised on television last year. In a corporation with a revenue of \$4 billion, as I say, it is quite a low level of expenditure as a business enterprise.

**Senator CONROY**—Do you anticipate spending as much this year?

**Mr Walter**—That is yet to be determined. As we put together our budget for 2005-06 over the next months, that will be determined, but I would imagine it would be at least at that level again next year.

**Senator CONROY**—What is the process for approving advertising campaigns? Is there any discussion with the government, or is it just completely in-house?

**Mr Walter**—No, it is totally commercial. We have an internal committee that recommends advertising made up of the commercial areas of the business—retail, financial services, parcel—and a large part is letters business, which is open to competition as well—direct mail. The decision is made as to what needs support for the following year, and then a budget is determined. As I say, 5.5 would have been on the low side, but pretty much that sort of level.

**Senator CONROY**—That is all on the advertising. I want to talk about the crisis in stamps here in Canberra. Before Christmas there were a number of articles talking about a shortage of stamps in postal outlets. Is anyone familiar with that?

**Mr O'Bryan**—No, I am not.

**Senator CONROY**—Has Australia Post examined how this came about. I have a couple of articles: 'Hughes Post Office stuck without its stamps', 'Extraordinary demand eats into stamp supply'. Those articles do not ring any bells?

**Mr O'Bryan**—No, that has not come across.

**Senator CONROY**—Is the ACT office holding out on you?

**Mr O'Bryan**—What offices were they? Do they name the specific offices?

**Senator CONROY**—It says Hughes Post Office, which is a suburb here in Canberra. You have heard of the pub with no beer; well now there is the post office with no stamps.

**Mr McCloskey**—Is that a licensed post office, Senator?

**Senator CONROY**—Yes:

Hughes Post Office licensee Mike Munday said problems with ordering stamps from Australia Post meant he had to open for business yesterday with no 45c Christmas stamps—in the midst of the yuletide rush.

Are you being scrooges with your stamps?

**Mr Walter**—We would probably need to take the substance of that question on notice. My understanding is that stamps are ordered and if there is a heavy demand they can run out. I understand in that situation that they were resupplied very quickly, initially from other postal outlets in the area and then more centrally after that. So it was pretty much a nonissue—and it was the Christmas stamp, it was not the full range of stamps. Some outlets may have ordered a bit lightly.

**Senator CONROY**—The article says:

Mr Munday claimed an Australia Post area manager threatened to revoke his licence if he complained to the media.

Australia Post has denied the claim and said Mr Mundy was 'simply reminded of his obligations under his licence agreement'.

What are his obligations under the licence agreement?

**Mr O'Bryan**—Each licensee is responsible for their own ordering and there is an ordering cycle. I can only imagine that in this individual example the person has underestimated the demand for those sorts of stamps, they ordered light and their ordering cycle might be only every fortnight. Possibly they ordered incorrectly and run out of stamps. As for the comments from the area manager, I cannot comment on those, but I would suspect that the person has ordered under the demand and has been caught short. As Mr Walter said though, in normal circumstances we would make arrangements to get —

**Senator CONROY**—In the article, Mr Munday said that

For his first Christmas period, he ordered 2000 stamps in October but was told by Australia Post that 300 would be enough.

'I knew darn well 300 stamps wasn't going to do much.'

You are being scrooges, aren't you?



**Mr Walter**—We would need to take the rest of the question on notice in terms of the actual circumstances. My understanding is that it was an underordering situation and that there may have been multiple orders from that outlet.

**Senator CONROY**—He says he kept reordering because he could not get his 2,000.

**Mr Walter**—We would have to check the details, but we are far from being scrooges at Christmas.

**Senator CONROY**—I would hope not; I have not heard of such a thing! Another article in the *Canberra Times* said that most post office outlets in the ACT have reported running out of Christmas stamps this year. Erindale Post Office licensee, Mark Hughes said that he too had run out of stamps on Monday, but was able to source them from another agent on the same day. That is Mr Hughes from Erindale, not Mr Hughes from Hughes. It is Mr Munday from Hughes and Mr Hughes from Erindale.

**Mr Walter**—We are well aware that mail volumes increase from something like 19 million items a day to over 50 million during the Christmas period, so we are well aware of the need to keep stamp supplies up. We will need to look at those details for you.

**Senator CONROY**—You do not put a limit on the number of stamps that can be ordered? If a licensee wanted to order 2,000 stamps, could they do that?

**Mr O'Bryan**—There would be a minimum and maximum order that could be put in. It costs a lot of money to withdraw stock from outlets, so we would be particular about the size of the order. But, on face value, 2,000 does not seem many.

**Senator CONROY**—Given that it is a specific Christmas stamp, I guess demand for it would drop off after Christmas.

**Mr O'Bryan**—Yes, of course.

**Senator CONROY**—You have not secretly been rationing them? As you say, it costs money to bring them back.

**Mr O'Bryan**—No. On face value, 2,000 does not seem many, but we will take it on notice and get to the bottom of that one.

**Senator CONROY**—I look forward to hearing about it. Which LPOs were closed during 2004?

**Mr O'Bryan**—Do you mean closed and not reopened?

**Senator CONROY**—Which LPOs were closed and not reopened, and which LPOs were converted to community postal agency operations during 2004? There are two categories there. You can take that on notice.

**Mr O'Bryan**—Are you after the raw numbers or the names of the actual outlets?

**Senator CONROY**—I just want the numbers at this stage, not the individual names.

**Mr McCloskey**—For the calendar year 2004?

**Senator CONROY**—Yes.

**Mr McCloskey**—I can give you some indication. The situation as at 30 June last year would be in our annual report. I do know that right across our network since then there has been a net gain of five outlets. That is made up of 11 new outlets to 30 September 2004 and six closures. The closures comprise one business centre, one licensed post office and four community postal agents.

**Senator CONROY**—If there are any extra details you can add to that, it would be appreciated. Which, if any, corporate post offices were converted to LPO operations during 2004? Again, I am happy for you to take that on notice, unless you have the information handy. I want to talk about the dispute resolution procedure between Post and their licensees. How many LPO disputes were there in 2004? I am happy for you to take that on notice if you do not have it handy, but maybe you could give us a rough indication just to kick the discussion along.

**Mr O'Bryan**—That information is not held at a national level; each individual state handles that. I suggest it would be fewer than 100 and closer to 50. We can ask and get that information for you.

**Senator CONROY**—How many disputes were resolved, and was that an increase or decrease on the previous years?

**Mr O'Bryan**—It would have been a decrease on the previous year. In previous years there was a little spike when we had several disputes over a common payment. So I would say that last financial year was a decrease on the previous year. Disputes remain open until both parties agree that they are closed. We have time lines on them but there will be some that go on past the time lines.

**Senator CONROY**—If you could supply that information to us, that would be great. What procedures does Australia Post follow when it establishes a new retail outlet, such as a business centre or a post shop, near an existing licensed post office? Do you sit down and say, 'We know there's an LPO in that suburb, so we won't put an outlet there'? Is there a sort of geographic zone around the other business that you decide you will not enter? I will not call it a competing business, because, obviously, it is licensed with you.

**Mr O'Bryan**—It is part of the licensee agreement. It is basically a 'four walls' agreement, if I could use that term, where they only have approval under the licence to sell, say, postage stamps when we give it to them within those four walls. So, as far as the agreement goes, we could in fact set up another postal outlet next door to that LPO and sell there. We do not do that, though, because part of the LPO agreement says that, if we take action such as putting an outlet next door that results in financial loss to a licensee, they have some recourse to dispute that. We do not say, 'You're in this suburb; therefore we've got—

**Senator CONROY**—So you would compensate them if you opened an outlet next door and half their stamp sales moved next door?

**Mr O'Bryan**—Yes, there is provision in the licence agreement for that to happen, but, as I say, it only pertains to the four walls; there is no geographical area. Some other organisations might assign a licence for a certain geographical area. We do not do that.

**Senator CONROY**—Does Australia Post give preference to supplying corporate post offices with retail products and special edition stamp releases and albums over licensed post offices regardless of advanced ordering by the LPOs? Do you say, ‘This is pure post and that is sort of semi-post,’ and have a preference to supply one before the other?

**Mr O’Bryan**—As I say, the licensees, as well as corporate outlets, order stock from the same warehouse. They might have different order cycles and we might send out orders to corporates on a push mentality because we have a—

**Senator CONROY**—When you say corporates do you mean LPOs?

**Mr O’Bryan**—Sorry, our corporate outlets, as opposed to our licensee outlets. Our corporate outlets are set up on an automatic ordering system, so I suppose we do push stock to them. Some licensees would be on an automatic ordering system, and some we actually zone. For instance, if we have certain products, say telephones, we might have our top LPOs in a state that take phones and we would push to them as much as we push out to our corporate outlets. But, obviously, we might not push certain products to some licensees or to some small corporate outlets. It really depends on the profile of customer that comes into those outlets, the demand—

**Senator CONROY**—Do you think that you are in a better position to judge what the customers who come into the LPOs want than is the actual licensee?

**Mr O’Bryan**—Is always hard because we do not see that sales data coming from a licensee compared to a corporate outlet.

**Senator CONROY**—That is what I would have thought. I would have thought it is a tougher call for your area manager for Victoria, for instance, to make centrally. Obviously there is some concern that there is a bit of favouritism being shown to corporate post outlets rather than LPOs, but you are suggesting that it is based on an assessment of potential sales capacity.

**Mr O’Bryan**—Yes, in my view it is.

**Senator CONROY**—How do you base that? How do you make that call? Let’s take the two Gold Coast ones. Do you look at the small one and say, ‘They’re not really going to sell many phones’?

**Mr O’Bryan**—We have merchandisers that go around to licensee outlets. Take the Gold Coast. In my opinion, the outlets there are well serviced by merchandisers who visit the outlets on a regular basis and talk to the licensees about the products they are stocking, how they are selling them and how they are merchandising them. Sometimes they give them special offers to take on additional products. We usually find we are trying to push products to them, to try to increase their sales, rather than their saying there are problems with our not giving them the stock.

**Senator CONROY**—I am sure that we are just talking about a couple of days difference potentially here and that people are feeling they are at the bottom of the list behind corporates, rather than not being able to get them at all. I am sure that if they ordered them ultimately you would give them to them.

**Mr O'Bryan**—We have a licensee advisory council set up in every state. We talk to licensees directly. I see the minutes for those. We have national meetings. We had a national meeting last week. This particular issue about licensees not getting some stock was not raised. We had eight actual licensees there. They come and feed back information to us, and this issue is not coming out. I can certainly go back and, through that licensee advisory council, recheck and make sure that they are happy with their supply chain arrangements.

**Senator CONROY**—Okay, that would be good. I wish to return to the Biggera Waters LPO, which I think is the larger of the two or possibly it is the smaller of the two. Which is it?

**Mr O'Bryan**—I think it is the largest.

**Senator CONROY**—So it is the larger one. Can I confirm that it is an in-conjunction outlet, therefore it is allowed to install a screen in their non-post section.

**Mr O'Bryan**—Biggera Waters are currently discussing their floor plan and the location of the screen. This is the outlet, as I have said before, that is a reasonable size and it is expected that shortly a floor plan will be agreed that will provide for them to move from what we believe is a stand-alone to an in-conjunction, which will facilitate the introduction—

**Senator CONROY**—But currently there is no floor plan.

**Mr O'Bryan**—Currently they are reassessing—

**Senator CONROY**—If the talks broke down over where the line was drawn, you would have no legal right to force them to take that screen down, given that there is no floor plan?

**Mr O'Bryan**—I do not think we are going to get into that position. I think we will come to an amicable agreement with that licensee.

**Senator CONROY**—I hope you do. But, for the purposes of the committee's understanding, you have no legal right to demand the withdrawal of that screen as it stands currently because there is no floor plan?

**Mr O'Bryan**—I think we would still pursue that, based on our understanding of the layout of that office. We would still contend that it is a stand-alone and the absence of the floor plan would not mean that we would not pursue removing that screen.

**Senator CONROY**—A lawyer can tell you anything, because that is what you pay them to tell you. Ultimately, do you believe that legally you have the power to enforce the removal of a screen where you have no floor plan?

**Mr O'Bryan**—Not being a lawyer—

**Senator CONROY**—Thank goodness you are not, Mr O'Bryan. You have gone up in my estimation.

**Mr O'Bryan**—I would still want to pursue that. I know that particular example and I have discussed it with the local management up there and they are very confident that there is a good relationship with the licensee and we will turn that into an in-conjunction business and allow them to display the screen.

**Senator CONROY**—Thanks for that. Let us move on to mail contractors. I have heard some complaints that the dispute resolution procedure available to mail contractors under the

terms of their contract is expensive and beyond the reach of the average mail contractor. Will Australia Post consider addressing this issue and providing a low-cost, easy to use dispute resolution procedure to help resolve disputes between AP and its contractors?

**Mr Sinclair**—I am not aware of any particular complaints regarding the dispute settlement process that you have described.

**Senator CONROY**—Would you outline what the procedure is at the moment? As I said, I am hearing these complaints. What is the procedure? Could you understand, if there were complaints, that it may be too costly if you have to hire a QC to turn up and face the might of Australia Post, or is it just a one-on-one situation where you sit down and try to resolve it among yourselves? Please take me through the procedure, Mr Sinclair.

**Mr Sinclair**—Certainly. I am not aware of any particular cases that have involved QCs as you have described. The standard process is that the contractor is able to request a review with the Australia Post contract manager. That review process takes place in a one-on-one consultation or negotiation environment and there are opportunities available for third-party mediation if that is required. But we have a very low level of dispute or complaint. As a matter of interest, in a typical year there can be in the order of 1,000 or 1,500 contracts that go through the contract review process with the 6,000-odd mail delivery contractors. I will restate that I am not aware of any particular litigation that is currently under way as you have described.

**Senator CONROY**—I think they are saying there is no litigation under way because it is too costly. They are not suggesting people currently involved are complaining; it is that people feel they cannot use it because it is too costly.

**Mr Sinclair**—That may be their perception.

**Senator CONROY**—What would be the average cost?

**Mr Sinclair**—Of?

**Senator CONROY**—If you were a contractor and you wanted to use it? What would be your average dispute settlement cost? Are you able to estimate what the cost for a disputing mail contractor would be?

**Mr Sinclair**—It is not appropriate for me to try to estimate what that cost would be for a mail contractor. I do not have access to that information and I am not aware of any particular case.

**Senator CONROY**—And for Australia Post?

**Mr Sinclair**—I would have to take that on notice.

**Senator CONROY**—There are obvious advantages to Post delivery staff, both corporate and contract, in presenting a consistent and professional image. I do not think anyone would argue with that. Corporate delivery staff and messenger post contractors wear Australia Post uniforms. Will Post extend this practice to mail and parcel contractors?

**Mr Sinclair**—Australia Post currently has a range of presentation and attire that it makes available to its parcel delivery contractors to create a consistent image and one that supports

the Australia Post brand. But they are not issued uniforms as would be the case for an employee.

**Senator CONROY**—Was that a yes or no?

**Mr Sinclair**—Your question was: would we be making available employee uniforms? The answer is no.

**Senator CONROY**—You do not think it is an advantage to have everyone display the corporate image?

**Mr Sinclair**—My response was that we do indeed believe a consistent presentation and image is appropriate and we have such attire available for contractors, should they wish to make use of it.

**Senator CONROY**—So they can purchase them—is that what you are saying?

**Mr Sinclair**—That is correct. This is attire which is consistent with and supports the Australia Post brand.

**Senator CONROY**—How many community agencies are there in Australia, state by state?

**Mr McCloskey**—Community postal agents? We would have to take that on notice. We have got a national figure but not a state-by-state figure.

**Senator CONROY**—Does Australia Post require a community postal agency to be open for business a minimum number of hours per day? If so, what is that number?

**Mr O'Bryan**—Yes, we would. It would be done on an individual basis.

**Senator CONROY**—But you must have a minimum.

**Mr O'Bryan**—There might be a minimum, but there would be a range.

**Senator CONROY**—Without revealing which individual agencies do what, could you give us that range.

**Mr O'Bryan**—I will have to take that on notice.

**Mr McCloskey**—On your earlier question, I have just located some information on a state-by-state basis on community postal agents. As of 30 June last year, there were: 99 in New South Wales-ACT, 67 between Victoria and Tasmania, 190 in Queensland, 92 in Western Australia and 185 in South Australia-Northern Territory, for a national total of 633.

**Senator CONROY**—Is there a dispute resolution process for community postal agents in their relationship with Australia Post?

**Mr O'Bryan**—Yes.

**Senator CONROY**—Is it similar to that for a licensee?

**Mr O'Bryan**—Yes.

**Senator CONROY**—What is the average hourly payment for a community postal mail agent?

**Mr O'Bryan**—I would have to take that on notice.

**Senator CONROY**—What postal services are provided by community agents?

**Mr O'Bryan**—They are required to do postage assessing. To facilitate someone who turns up at the counter and wants to post a mail article, say, within Australia, the agent is required to do an assessment, be able to put stamps on that article, put that article in the mail and send it off. That would be the minimum, and some might sell additional Australia Post services. The minimum is to do what we call 'postage assessment'.

**Senator CONROY**—If there is a menu of things, could you provide that on notice.

**Mr O'Bryan**—If you went through the 600-odd things, there would be a range.

**Senator CONROY**—Could you give us that range?

**Mr O'Bryan**—It might take us a little bit to get that, but we can take it on notice.

**Senator CONROY**—Thank you. They are all the questions I have.

**Senator WEBBER**—I am not well versed in the terminology that comes with Australia Post, because I do not understand it. I will describe the post office that I want to discuss and you can tell me what it is called. My office is in a shopping centre in the northern suburbs of Perth, in Western Australia. The postal service we access is at a counter within the newsagency. What is that?

**Mr McCloskey**—That would be licensed post office.

**Senator WEBBER**—I was getting very confused with 'in conjunction', 'licensed' and 'community'.

**Mr McCloskey**—That is 'in conjunction': a licensed post office in conjunction with a newsagent.

**Senator WEBBER**—What is your minimum requirement for facilities such as that? Would it be to have just a counter that sells stamps?

**Mr McCloskey**—No, the licensed post offices would make available all of the services that are available through corporate outlets.

**Senator WEBBER**—Do they provide other services?

**Mr McCloskey**—They will provide BillPay and banking—all the agency services that Australia Post provides.

**Senator WEBBER**—Do you they provide other services to Australia Post employees? For example, are they responsible for the housing of the mailbags which the delivery personnel come and collect to take on their rounds?

**Mr O'Bryan**—Some would. If you have a particular outlet in mind, we could find out and provide that for you on notice. Some would provide those sorts of facilities and some would not. It would really depend on the location.

**Senator WEBBER**—Is it only the location that determines whether those facilities are provided?

**Mr O'Bryan**—Yes, how we would service it. You talked about delivery.

**Senator WEBBER**—The orange bags.

**Mr O'Bryan**—Some outlets have private post office boxes and some do not—and there all those different ranges in between. The orange bags—

**Senator WEBBER**—That the posties come and collect and take on their rounds.

**Mr O'Bryan**—Yes. Again, some of those could be housed with a licensee. I do not know whether you have seen the green boxes that sometimes stand out on the street beside the red street posting boxes; they are called depot bins. They house mail for the postie to collect. After he has finished a certain section of a round he comes back to it to collect some more.

**Senator WEBBER**—You would have an either/or arrangement? If there was only one Australia Post facility in a suburb and it did not house the bags, you would have a green depot box?

**Mr O'Bryan**—Yes, that would normally be the case.

**Senator WEBBER**—I can tell you that in Woodvale you have neither. I love the people that I deal with, so I am not in any way having a go at the Australia Post personnel. The newsagency does not house the bags; my office does. The reception area of my office is used for the posties to come in and out to collect their mail for the rounds. The bags used to be housed in the bakery. It is not a very secure process. I do not think keeping other people's mail in bags in the reception area of my office is the most secure way of looking after people's mail.

**Mr O'Bryan**—We have recognised that. If you go back a number of years that was the common practice; we would store depot bags—

**Senator WEBBER**—Going back a number of years, we all used to have post offices. That was the way it was done, rather than by agencies in newsagents.

**Mr O'Bryan**—But we have made a conscious decision to change and to withdraw that sort of reliance on the baker, the Senate, the good senator and those sorts of things.

**Senator WEBBER**—I love the posties, so I am not in any way having a go at them. They are very nice people and they do a very efficient job. It is no drama for us, but I wonder what used to happen before we came to this arrangement with them. The newsagents obviously do not want to house them. You do not have a green box there. Every now and then I have to close my office, for whatever reason, so we have to ring Australia Post and say, 'Sorry, you can't deliver your mail today.' Is this a common practice—that you farm this out to other people?

**Mr O'Bryan**—As I said, it used to be common practice years ago and we are withdrawing from that. That circumstance you describe obviously does happen. To move into those green depot bins out on the street that we have sole access to is obviously a lot more secure and preferable.

**Senator WEBBER**—It gets very crowded in the reception area when I have constituents waiting and lots of orange bags as well, especially around Christmas time or election time. At the moment, it is very crowded because there is a state election in Western Australia. It can be a bit difficult to fight your way in.

**Mr O'Bryan**—We can certainly take that on notice.



**Senator WEBBER**—Would that be a usual occurrence? You say you are bringing in these green boxes.

**Mr O'Bryan**—I would say that the green box is by far the norm now in the states that I have been involved with. As to Western Australia, I am not too sure.

**Senator WEBBER**—I was going to say come to Western Australia.

**Mr O'Bryan**—We will certainly take that on notice and investigate the particular—

**Senator WEBBER**—As I say, I do not want to get them into trouble. They do a fantastic job. I do not want to in any way inconvenience them. But I am trying to work out whether the newsagents should be looking after them. That is all. If they are, I am going to have words with them.

**Mr McCloskey**—We will follow up on that local issue. We are extremely appreciative of the assistance you have been providing to date.

**Senator WEBBER**—And I am happy to continue with that, but if it is actually the responsibility of the newsagents, and if they are actually being paid by you guys to provide this service, they should.

**Mr O'Bryan**—It would also depend on—

**Senator WEBBER**—It is Woodvale in Perth.

**Mr O'Bryan**—Is your office close to the newsagent?

**Senator WEBBER**—Yes, I am very close to the newsagent.

**Mr O'Bryan**—It would depend on where on the round the postie is. It is meant to facilitate—

**Senator WEBBER**—It is a very small shopping centre. When I first moved in there, they used to be in the bakery, as far as I can work out. Although the newsagent actually has the counter, sells the stamps and what have you, it does not seem to have ever accepted responsibility for looking after the letters.

**Mr McCloskey**—We will investigate the local circumstances and see what the future plan is.

**Senator WEBBER**—That would be fantastic. Thank you very much.

**CHAIR**—That concludes the questioning of Australia Post. I thank you all very much for being here.

[10.27 a.m.]

#### **Australian Communications Authority**

**CHAIR**—I welcome officers from the ACA.

**Senator JOHNSTON**—I want to talk about radio-controlled plant and equipment and the use of various frequencies pursuant to the standard AS4240. Are you the right people to direct that question to?

**Dr Horton**—I am the acting chair of the ACA. I believe we can probably answer some questions in that area, and I will direct your question to Mr Luther.

**Senator JOHNSTON**—A number of constituents relevant to the mining industry in Western Australia have come to me. As you may be aware, there has been a fairly rapid growth in remote-controlled plant and equipment—that is, plant and equipment that is operated by radio control because of safety and other concerns about having personnel on them or engaged around them. Indeed in Western Australia there is a substantial number of regulations promulgated by the mines department as to the use of various frequency bands on mine sites, such that there is a high rate of reliability in not having adverse interruption to frequency transmissions or having problems with machines not functioning according to what is expected.

I am told that that is all very well but that, when we come into the metropolitan areas or to the large coastal urban communities, there is a problem within the construction industry, which also has a movement towards remote-controlled equipment, in that there is a much greater proportion of unauthorised frequencies. I am told that on the Leach Highway some time ago a cement mixer which had some sort of radio control of the vessel on the back was adversely affected by someone opening a garage door, such that the vehicle lurched violently as the contents of the vessel were thrown from one side to the other because the control of the rotation was done by radio. I am not au fait with that, but I am told that there is a broad range of other examples of problems in the metropolitan areas where people are using unauthorised frequencies in the example that I have indicated. This concerns me greatly with respect to mining and construction, where we go from one environment that is controlled to another environment that is subject to these problems. Firstly, are you aware of these problems?

**Mr Luther**—When we heard that this issue might be raised we made some inquiries through our Western Australian regional office. I have to report that we have received no complaints at all along the lines that you are talking about, so it is news to us.

**Senator JOHNSTON**—That is good. It was news to me too, but I am told that it is news and that this changing circumstance is one that you need to be aware of. What do we do to monitor and control the use of frequencies in Australia today? Would you just give me a snapshot of how we do that. Do I need a licence to get a new device into the country?

**Mr Luther**—All radio communication devices need to be authorised, and I note that they can be authorised in several different ways. We have currently about 150,000 radio communication licences on issue, so there would be more than 150,000 devices authorised and you can see that it is a very large number. As well as that, there are literally many millions of devices which are authorised by what we would call a 'class licence'. A class licence means that you do not need to take out an individual licence, but there is a standing set of conditions that the equipment must adhere to. The sorts of devices that you were talking about that are believed to have caused this interference, such as garage door openers, alarm systems in houses or in cars or radio-controlled toys, come under what we call a 'low interference potential device class licence'. So there is a class licence that authorises their use. That class licence requires them to operate under certain frequencies and at certain power levels. If devices are operated outside those conditions and we find out about them, we would certainly

take action against them. I would say that, given that there are many millions of devices out there, we actually have an extremely low rate of interference in Australia.

**Senator JOHNSTON**—Where do we record the licences that are issued? Do we have an electronic register?

**Mr Luther**—We certainly do. That is available on the internet in fact.

**Senator JOHNSTON**—In terms of manufacture, how many inspectors do we have out in the fields to ensure that people who are manufacturing anything that is remotely controlled are complying with the law?

**Mr Luther**—I would have to take on notice the question of exactly how many inspectors we have. There would be a small number in each regional office around Australia.

**Senator JOHNSTON**—I am concerned that there is a small number. Are you saying that is because we do not have the complaints or problems, or are you saying that there is a small number because we are underfunded?

**Mr Luther**—No, we believe that the number is adequate. What happens is that we undertake an audit program, so we do not attempt to cover every device manufactured or imported for that matter. Many, if not most, of these devices are imported.

**Senator JOHNSTON**—That is right.

**Mr Luther**—We do not attempt to try to capture every one of those. We have an audit program which means that we will inspect a small number of manufacturers or importers to make sure that their equipment complies and that they have the requisite paperwork to prove that.

**Senator JOHNSTON**—Could you take on notice, please, the regularity of the audit program. I want to know how often the audit program is conducted. I would also like to know how many—I do not want the names of the people—manufacturers the audit program looks at. If there is a group of recommendations from the audit program, I would be pleased to know what the upshot of the result of the audit is with respect to these devices.

**Mr Luther**—We can take that on notice. We can certainly give you the number of audits that are conducted because that is published information.

**Senator JOHNSTON**—That is good, thank you.

**Senator CONROY**—I would like to talk about the personal information of Australian consumers held in the integrated public number database currently maintained by Telstra. In 2004 the ACA issued a discussion paper entitled *Who's got your number?* Upon the release of this paper the ACA stated:

It is the ACA's view that some current uses of telecommunications data appear to go beyond what is allowed under existing legislation.

Can you give examples of these illegal uses?

**Mr Haydon**—That discussion paper was issued as a first step toward creating an industry standard associated with the users of the IPND data. The actual use of the data is a contentious matter and the lack of clarity in the pre-existing voluntary standards was the

reason for the ACA undertaking the development of a standard. The kind of applications that we had observed were things such as mail-outs going to people whose information should not have been in a public directory. There were some instances of the finance industry taking a particularly detailed interest in the data that was in the IPND. There were some implications—and at this stage they were implications, not demonstrations—of debt collectors making use of data that should not have been available to them, and there were marketing uses that implied access to the IPND when that was not a permitted use. Those are examples of the kinds of applications and, clearly, we had concerns that there were others that we were not aware of.

**Senator CONROY**—You say, and I am quoting from the paper:

... our investigations indicate that databases are being created and maintained based on information provided by customers to the telecommunications service providers.

These databases are then sold to other companies for direct marketing and other commercial activities.

In the ACA's opinion, this is not only a breach of existing law but also outside what customers providing personal information expect to happen.

**Mr Haydon**—That is right. The core issue in that process is the consent of the owner of that information.

**Senator CONROY**—There is no informed consent in these situations, is there?

**Mr Haydon**—There was none this time. CSPs gather the data so that they can provide service to their customers, which is entirely reasonable. The legislation requires the CSP to pass this data on to the manager of the IPND and then another suite of operators have access to that information, under controlled circumstances. The concern that we had was not so much about the gathering of the data by the CSP, because the customer is seeking service and has a direct relationship with the CSP, or about the supply of information by the CSP to the IPND manager, because that is required under law, but the access of that information by parties who were given access to it and the controls that they had over ensuring that the privacy of the owner of that information was respected.

**Senator CONROY**—Given your opinion in the statement that it is a breach, why has the ACA not taken enforcement action in respect of these illegal uses?

**Mr Haydon**—The imprecision of the existing voluntary code is the main reason.

**Senator CONROY**—But surely, if it is a breach of the law, it is a breach of the law.

**Mr Haydon**—The breach of the law relates to the carriers and the carriage service providers, not the IPND operators. The IPND operators are only subject to the pre-existing voluntary code.

**Senator CONROY**—The pre-existing code does not overrule the law.

**Mr Haydon**—No. It was not a clear-cut case of breach of the legislation. In the opinion of the ACA, it was a breach of the legislation. Whether there was in fact a breach would be a matter for a court to decide.

**Senator CONROY**—But a court will not decide unless you prosecute.

**Mr Haydon**—That is right. Your question is: why did we not take it through to a court case?

**Senator CONROY**—Yes.

**Mr Haydon**—The answer is that the imprecision did not make it a clear win for the ACA. The objective in the whole of the ACA's processes is to achieve compliance, not to achieve prosecutions. We have gone down the path of dropping the standard—

**Senator CONROY**—So whose job is it to enforce the law?

**Mr Haydon**—We achieve the outcomes that enforcement is intended to achieve—that is, compliance.

**Senator CONROY**—The problem is that you are not actually enforcing—

**Mr Haydon**—The difficulty with enforcing the law is that it was a difficult case to prosecute, because the parties that were misusing the information were not subject to the direct elements of the law. They were subject to a code, and the code was sufficiently imprecise to allow escape.

**Senator CONROY**—I am confused. You stated quite clearly in your opinion that it was a breach of the law.

**Mr Haydon**—Yes.

**Senator CONROY**—But you then said you also had some suggestion—

**Mr Haydon**—Qualified it.

**Senator CONROY**—You were putting it unqualified in both the paper and in your first statement, but then you have gone on to suggest that, in actual fact, you had some advice that suggested you would not win a case. I am confused about how you can say, on the one hand, 'In our opinion there is an absolute breach of law' and, on the other hand, say, 'However, we could not win a case.' If it is an absolute breach of the law in your opinion—

**Mr Haydon**—We never said it was an absolute breach of the law. We said it was, in our view, possibly a breach of the legislation and a breach of the code.

**Senator CONROY**—No. I will quote it to you again. It says:

In the ACA's opinion, this is not only a breach of existing law but also outside what customers providing personal information expect to happen.

I would agree with you completely.

**Mr Haydon**—We did not proceed because we did not think the case was strong enough to succeed.

**Senator CONROY**—Do you need a confession before you will prosecute?

**Mr Haydon**—No, we need clarity about just what is being done. The difficulty is that what is being done was not sufficiently precisely defined, and the actual elements of breach were not sufficiently precisely defined to guarantee a determined outcome.

**Senator CONROY**—So when in future I hear, ‘The ACA says this is a breach of the law,’ I should not get excited in any way, shape or form, because you may ultimately go on to qualify it out of existence?

**Mr Haydon**—What you could get excited about is that the ACA is going to do something about it. The ACA would be doing something about it.

**Dr Horton**—It would be true to say that what we have been given as an object by parliament is that we should promote the greatest practical use of industry self-regulation without imposing undue burdens et cetera.

**Senator CONROY**—But it is clear that the self-regulation is being flouted.

**Dr Horton**—That was the code. We were unhappy with the expression of the code. In that case, we are empowered to create a standard, and that was our intention.

**Senator CONROY**—So you have created a standard?

**Dr Horton**—We have a draft standard, yes.

**Senator CONROY**—And that will address these breaches of the law?

**Dr Horton**—It will clarify them to make absolutely clear to everybody that it does—

**Senator CONROY**—But a standard is not the law.

**Dr Horton**—It is.

**Senator CONROY**—You still have to have a court case that upholds the standard.

**Dr Horton**—The standard is a disallowable instrument.

**Senator CONROY**—Okay.

**Dr Horton**—A code is not.

**Senator CONROY**—I fully appreciate that a voluntary code is not. So a standard that is consistent, because any standard or disallowable instrument has to be consistent with the law.

**Dr Horton**—Yes.

**Senator CONROY**—I would still have to say that a standard may clarify providing that it must be consistent with the law.

**Dr Horton**—It will, but it will clarify the circumstances so that industry can understand it. Having left it to industry to draw up its own code, it is so imprecise that it is not very much use to a regulator.

**Senator CONROY**—Is that a shock to you? Have you learned your lesson?

**Dr Horton**—Sometimes we get some pleasant surprises, and it is worth the tolerance of self-regulation to get there.

**Senator CONROY**—Unless you are one of these consumers who has had their mobile phone number flogged off on a regular basis.

**Dr Horton**—Possibly.

**Senator CONROY**—I am not as excited. I keep getting text messages from people that I have never heard of and never dealt with, inviting me to use their services. I have never been near the particular institutions and I keep getting text messages from them on a regular basis. I have to tell you that I am not having a pleasant surprise from your tolerance of voluntary codes.

**Dr Horton**—That was parliament's intention, so we have to go along with it.

**Senator CONROY**—When will the draft standard be before parliament? Are you consulting widely?

**Dr Horton**—We have a timetable.

**Mr Haydon**—We anticipate that we will have it complete by the middle of the year.

**Senator CONROY**—Just don't hijack it. The information you are referring to includes the personal details of nearly every Australian, doesn't it—the sort of database you are talking about?

**Mr Haydon**—It includes details of everyone that has a telephone service, whether that be a mobile service, a fixed service or a commercial type service such as a 1800 or a 13. Details of the owners of those services are recorded in the IPND.

**Senator CONROY**—Does the ACA actively audit Telstra's compliance with its regulatory obligations in respect of the IPND?

**Mr Haydon**—There are a couple of levels in that question. The first is about the accuracy of the data in it and, yes, we have recently conducted an audit of that data. In relation to auditing Telstra's compliance with its behaviour in relation to providing access to the IPND, 'audit' is probably not the right word. We certainly have a close working relationship with the IPND manager, and the IPND manager advises us of rejected applications. We are aware of all the approved applications. We are aware of the criteria that it applies in terms of providing access. We are satisfied that, within the bounds, of what is currently prescribed, the IPND manager is—

**Senator CONROY**—I am just interested in some of the words you have chosen to use there—'a close working relationship'. So you do not audit them. You just say: 'Do you have any breaches? Let's have a cup of tea and a couple of bikkies.'

**Mr Haydon**—It is a licence condition on Telstra, so we monitor their compliance with the licence condition. The licence condition is expressed in terms that do not prescribe complete detail of the task. Therefore you have to have a deeper insight into that, and that deeper insight is what I meant by working with the IPND manager.

**Senator CONROY**—A deeper insight.

**Mr Haydon**—The licence condition is necessarily a more strategic or a higher level of expression of the intentions that the government has of the operation of the IPND. The day-to-day workings are the sorts of things that have an impact on whether the expression in the licence condition achieves the ultimate outcome intended. So it is that closer inspection that the ACA undertakes.

**Senator CONROY**—Has the ACA engaged in any investigations of potential breaches of Telstra's obligations in relation to the IPND in recent times?

**Mr Haydon**—I cannot answer that question directly. I am not aware of breaches of Telstra's licence conditions with regard to that.

**Senator CONROY**—Are you able to send a message off to see if there has been any?

**Mr Haydon**—I can find out within the hour.

**Senator CONROY**—Hopefully quicker because, hopefully, you will be gone within the hour for all of our sakes!

**Mr Haydon**—I will have to make a phone call to Melbourne.

**Senator CONROY**—Thank you. What is the status of the *Who's got your number?* discussion paper?

**Mr Haydon**—We have received all of the commentary we sought from it. We have used that commentary in the compilation of a draft standard, which is now with us. We are going through the necessary policy analysis of the draft. We are on the verge of putting out a draft for final public comment. Subject to that public comment, we will modify or adjust the draft, and then the authority will be in a position to determine the standard and it will be presented to parliament for the disallowance process.

**Senator CONROY**—Submissions relating to the discussion paper closed on 14 May 2004—is that right?

**Mr Haydon**—We received 97 comments on that discussion paper. The range of commentary meant that we had a very diverse and complex set of commentary to consider and to try to find—

**Senator CONROY**—Trying to balance the competing interests?

**Mr Haydon**—We had a lot of very different and competing interests, yes.

**Senator CONROY**—When was the draft standard issued?

**Mr Haydon**—The draft standard is not yet issued. I am saying that we have the draft standard in-house. We are going through the policy analysis prior to—

**Senator CONROY**—Today is 15 February and the submission period closed on 14 May last year. You are proceeding at full pace, I see.

**Mr Haydon**—We did not anticipate that it was going to be a quick process, because we certainly appreciated the complexity and the competing interests in this particular field.

**Senator CONROY**—I appreciate the point you are making but, given what you have identified as illegal uses—given the importance of it—nearly a year later we still have not even got the draft issued. Are people just trying to give you a hard time to slow it down?

**Mr Haydon**—No, we do not believe that anyone has set out to slow it down. I would suggest that the importance has taken precedence over the urgency. This is a matter that is both important and urgent, but it is probably more important than it is urgent.



**Senator CONROY**—I am hoping that you are going to stop me getting all these text messages from companies urgently.

**Mr Haydon**—Can I suggest that is a slightly different field. That is what they call spam. There are linkages into it, but—

**Senator CONROY**—How did they get my mobile phone number in the first place? I did not give it to them.

**Mr Haydon**—There is a whole range of very cunning techniques used by spammers.

**Dr Horton**—Just to add to Mr Haydon's quandary, there are actually three elements to this. They are parallel procedures. ACIF, the self-regulatory body, is taking some of the work and redeveloping a code which it feels is within its competence, and that is about what the qualification of parameters that go into the IPND are—the purely mechanical stuff. All this is hopefully timed to come together at the same time, about the middle of this year. We are looking at the standard, enforceable element. Also, there may be some policy issues, which we will refer to the department, which flow out of this and need some evaluation on a policy basis. It did get to be more complex than we had thought, and some of it is outside our control.

**Senator CONROY**—Do you think you will need to review some of these outcomes of the draft standard with respect to the recent media speculation relating to the spinning off of Sensis? Does that have an impact on your view of the regulation or legislation?

**Mr Haydon**—I am not quite sure how—

**Senator CONROY**—I am just saying: do you think it would? If it does not, that is cool.

**Mr Haydon**—Whether Sensis is inside of Telstra or outside of Telstra does not alter the content of the code or the approach we take to protecting information.

**Dr Horton**—The brief answer is no; Sensis is not captured in these considerations of the IPND.

**Senator CONROY**—Has the ACA investigated the circumstances surrounding the Prime Minister phone spamming customers with silent numbers in marginal electorates during the last federal election?

**Dr Horton**—Yes, we have, and the same person can answer that question.

**Mr Haydon**—That investigation is in its final stages now. The issue for the ACA is whether again the IPND has been used in that calling process. It was not really spam; it was a telemarketing exercise. The analysis, as I said, is nearly complete. We hope to be able to finalise that within a short space of time. If the IPND was not used in the telemarketing process, the ACA has no jurisdiction and it becomes a privacy matter.

**Senator CONROY**—You are defining that as not spam; you are defining that as telemarketing.

**Mr Haydon**—It is telemarketing.

**Senator CONROY**—Rather than spam.

**Mr Haydon**—Because it was a telephone call. Spam is electronic messages, but telemarketing is specifically excluded under the spam legislation.

**Senator CONROY**—Just so I understand the definition: if there is a voice involved, it is telemarketing; if it is an SMS, like I have been getting from institutions, that is spam.

**Mr Haydon**—Yes.

**Senator LUNDY**—Why has it taken you so long just to get to that point of determining whether the IPND was actually used?

**Mr Haydon**—The examination was recursive, which means that, as we asked some questions, we found that we had to go back and ask others.

**Senator CONROY**—Silent numbers are only available on the IPND. Isn't that right?

**Mr Haydon**—There are several ways in which silent numbers could find their way into the public domain. One way is, clearly, the IPND. Other ways are that the status of the number can change in the life of a number. Someone who holds a number could hold it as a public number and, at some point in time, decide that they want that same number to become private. That means that it is no longer published in the *White Pages*, but previous editions of the *White Pages*, especially the electronic versions, would still retain that number.

**Senator CONROY**—So you have had to go to the extent of individual cases to try to determine this?

**Mr Haydon**—Yes. We have had to look at the history of individual numbers.

**Senator LUNDY**—Is that why it has taken so long?

**Mr Haydon**—That has been part of the reason it has taken so long.

**Senator CONROY**—It does seem that they had the silent numbers of everybody in an electorate, though. It was broader than just one or two. I can understand if you tracked back and found a couple fell into that category.

**Mr Haydon**—We received a number of complaints and, of those complaints, eight complainants had silent numbers.

**CHAIR**—Senator Conroy, we are about to have a break. Do you want to ask your question, or do you want to leave it until we come back?

**Dr Horton**—Perhaps I can finalise this question before the break. The reason it has taken so long, as you have pointed out, Senator Lundy, is that there were four parties involved—not just the Liberal Party; the other parties were not political parties—and one of them had gone out of business.

**Senator LUNDY**—Sorry, one of the parties had gone out of business?

**Dr Horton**—Yes.

**Senator LUNDY**—Which one?

**Senator CONROY**—Yes, which party went out of business?

**Dr Horton**—That was the one that created the disk or the database.

**Senator LUNDY**—How convenient. What was the name of that business?

**Dr Horton**—It was DtMS.

**Senator CONROY**—Who were the directors of that company?

**Dr Horton**—We have got details and if you want to know the details we can provide those.

**Senator CONROY**—Do you know off the top of your head who the directors are?

**Dr Horton**—I do not. Mr Haydon might.

**Senator CONROY**—Is the Prime Minister's son one of those directors?

**Dr Horton**—No. That is a different issue.

**Senator CONROY**—I am just making sure he is not involved in this as well. I know you are investigating him on a number of other matters. That is right, isn't it?

**Dr Horton**—We finished that.

**Senator CONROY**—But you have been investigating the PM's son over some of his activities?

**Dr Horton**—We will come back to that one if you like. So there were four parties involved. Our suspicions were aroused because there were silent numbers involved as well. It turns out that we have found that some of those silent numbers were at one stage not silent numbers, so we think they have come off some sort of database. We have also ordered an audit of the archives of the IPND, and that is also taking some time. We are close to finalisation of this whole thing.

**Senator LUNDY**—Can you tell me the names of all of those four parties involved in this particular investigation?

**Dr Horton**—We probably could.

**Senator CONROY**—How about we put it this way: we will not be leaving until we have got them. We can keep talking for a long time while you check.

**Senator LUNDY**—We are having a break now, so that should give you an opportunity to find some information.

**Senator CONROY**—We are having a break for a few minutes, but we can wait.

**Dr Horton**—We will see what we can find out for you during this session.

**Proceedings suspended from 11.01 a.m. to 11.17 a.m.**

**Senator CONROY**—We were just discussing the trail of the four companies and the one went out of business. Are you able to identify the other three companies?

**Dr Horton**—Yes, we are able to identify them, but we are not prepared to. This is part of an investigation that is going on at the moment, and we are close to finalisation. They are not part of the public record and they could be quite innocent.

**Senator CONROY**—What about DtMS—were they not quite innocent?

**Dr Horton**—We have not finalised our investigations, but they are out of business.

**Senator LUNDY**—Which DtMS is out of business? According to the internet, they are still well and truly in business overseas.

**Dr Horton**—The one we were investigating.

**Senator LUNDY**—Is it DtMS Australia?

**Mr Haydon**—DtMS Australia is the one that was taken to court by Telstra over white pages copyright. That is the one that is out of business.

**Senator CONROY**—That is the same one you are referring to?

**Senator LUNDY**—When did it go out of business?

**Mr Haydon**—I do not know exactly, but it went out of business at the end of last year.

**Senator LUNDY**—So after the election?

**Mr Haydon**—It was in business at the time the telemarketing—

**Senator CONROY**—At the time the Prime Minister was phoning. It was in business then, presumably.

**Mr Haydon**—It was in business at the time of the election, and it was out of business by Christmas.

**Senator CONROY**—Was it conducting the phone calls?

**Mr Haydon**—No.

**Dr Horton**—We are still investigating the matter, as I mentioned.

**Senator CONROY**—You have said you are happy to talk about a company that is out of business.

**Dr Horton**—We mentioned the name, yes.

**Senator CONROY**—You said you will not talk about the ones that are in business.

**Dr Horton**—That is as much as we want to talk about it at this stage.

**Senator LUNDY**—I do not think that is reasonable. If there is an investigation under way, it is now mid-February and it is reasonable to at least identify the companies that are being investigated.

**Dr Horton**—Not necessarily, until we have finished our investigations.

**Senator CONROY**—Do you have secrecy provisions? Are they secrecy provisions that you are not allowed to reveal? Are they in your act or is this just a unilateral decision you have made in the last 10 minutes?

**Dr Horton**—It is in the interests—

**Senator LUNDY**—Because it will embarrass the Prime Minister?

**Dr Horton**—of people that are being investigated.

**Senator LUNDY**—What about the interests of customers and citizens?

**Senator CONROY**—Dr Horton, did the minister speak to you in the break?

**Senator Kemp**—Chair, I am getting a sense that the witness is being harangued, and I do not appreciate that at all. Questions should be put to the witness, and the witness is entitled to respond however he or she feels fit. As I understand it, the precise answer to the question is that there is an investigation under way, and proper process requires that the investigation be completed before these matters are canvassed in this public forum.

**Senator CONROY**—Dr Horton, did the minister speak to you in the break?

**Dr Horton**—No, he did not.

**Senator Kemp**—And if he did, Senator Conroy, it is none of your business.

**Senator CONROY**—It is my business if you try to influence witnesses who are independent of you and who are not part of your department.

**Senator Kemp**—The witnesses are at the table and they will make comments as they see fit, but from time to time I am able to make my own comments.

**Senator CONROY**—And that is all they are?

**Senator Kemp**—Whether I speak to officers at the table is, I repeat, none of your business.

**Senator CONROY**—Has the ACA given any consideration to the manner in which the Liberal Party obtained the silent numbers?

**Dr Horton**—That is part of the investigation.

**Senator CONROY**—So that is a yes?

**Dr Horton**—Yes, it is.

**Senator CONROY**—Could the Liberal Party have obtained the numbers for the spam—including the silent numbers—from some of the illegal databases that we have been talking about earlier today?

**Dr Horton**—That is precisely the focus of what we are looking at: whether there has been abuse of the IPND. That is where our jurisdiction begins and ends, and that is what we are trying to prove or disprove.

**Senator CONROY**—Could this information have been obtained using database enhancement services referred to in the *Who's got your number?* discussion paper, such as the Sensis MacroMatch service?

**Dr Horton**—I am not sure about that particular service but, yes, the notion could be relevant.

**Senator CONROY**—Has the ACA determined whether silent number information retained in the IPND was disclosed to the Liberal Party to facilitate these calls?

**Dr Horton**—That is part of the linkage to the abuse of the IPND that we are trying to establish or disestablish.

**Senator CONROY**—I am not asking about any individual. It is not a secret that these phone calls were made by the Liberal Party and the Prime Minister. That is on the public record. They made the calls. I do not think they are hiding the fact that they made the calls.

What we are asking is where they got the silent number information from and whether you know yet.

**Dr Horton**—That is the question we need to answer in our investigation. We do not know yet—until we finalise.

**Senator LUNDY**—On 7 October the *Age* newspaper claimed that the numbers were being sourced by a US company, Expedite Media, which has close associations with Scott Richter, a character known as the ‘spam king’. Are you able to confirm that is the case?

**Dr Horton**—No, I am not.

**Mr Haydon**—The information we have does not implicate that company at all. There were two possible sources of information, which we do not believe had linkages to Expedite. As Dr Horton has mentioned, the remaining investigation is about whether the numbers came from the IPND, and that is the core issue we are trying to address now. That is the part that goes back to the archives. As I mentioned earlier on, the numbers become silent in several different ways, and the history of the number is important in this issue.

**Dr Horton**—We are equally concerned about this, as you obviously are, and determined to get to the bottom of this and finalise it. We are not performing any sort of cover-up. We are doing our job as frankly and fearlessly as possible.

**Senator CONROY**—No-one has suggested that you have not been.

**Dr Horton**—The line of questioning seems to be that we are not doing what we should be doing.

**Senator LUNDY**—You are the one who came in here and refused to provide information about who was involved in your investigation. I think you are being defensive, aren’t you?

**Dr Horton**—That is a normal part of an investigation, because a lot of people will be investigated.

**Senator CONROY**—You have no secrecy provisions.

**Dr Horton**—We are acting in the interests of people who quite possibly are quite innocent.

**Senator LUNDY**—What about the citizens who had their privacy breached?

**Senator Kemp**—Let us have due process first, shall we? Let us make sure that the processes are followed.

**Senator LUNDY**—Hang on, I want to know who the ACA represents—those companies they are investigating or the interests of Australian citizens?

**Senator Kemp**—You may have to wait until the investigations are completed. This is entirely a matter for Dr Horton and his team. They have indicated the preferred way they will move this forward and I think it is entirely appropriate.

**Senator CONROY**—We will keep asking our questions. You have imputed a motive to us, Dr Horton. Despite that, I will keep asking my questions.

**Senator LUNDY**—Can you tell me whether you are aware of the outcome of the original copyright case involving DtMS and Telstra in relation to the copying of the database years ago?

**Dr Horton**—Yes, we are aware of that.

**Senator LUNDY**—What was the outcome?

**Dr Horton**—Mr Haydon has chapter and verse on that.

**Mr Haydon**—The outcome of the copyright case between Telstra and DtMS is a matter between those two. Our concern was whether databases used by the Liberal Party or accessed by the Liberal Party, either directly or indirectly, implicated the IPND. That is the substance of our investigation; we are not investigating the copyright case between Telstra and DtMS.

**Senator CONROY**—Did the Liberal Party get the database from DtMS?

**Mr Haydon**—That was one of their sources.

**Senator LUNDY**—One of their sources!

**Senator CONROY**—How did DtMS get silent numbers?

**Mr Haydon**—Again, it comes back to how the numbers became silent numbers. It happened in several ways.

**Senator CONROY**—I appreciate that. If they were on previous databases I accept that point, but have you been able to ascertain whether each of the numbers called was in the category you describe as having gone from public to private?

**Dr Horton**—We are in the process of doing that, as I mentioned, as part of our investigations.

**Senator CONROY**—That is what I am asking: have you been able to ascertain that yet?

**Dr Horton**—We are able to, hopefully to the extent that we need.

**Senator CONROY**—What does that mean? Are you only investigating eight or are you investigating all of the database and all of the silent numbers that were used?

**Dr Horton**—What I am saying is that we have not finished. We have done some of the work.

**Senator CONROY**—I appreciate that. Are you only investigating the eight complaints you have had or, given that it seems to be a systemic issue, are you investigating whether or not all of the silent numbers have been accessed?

**Mr Haydon**—The total number of silent numbers in the IPND is very extensive indeed. That is not the essence of the investigation. The investigation is whether the IPND was used at all. That some of the numbers were silent is an indicator that there is a potential that the IPND was used.

**Senator CONROY**—I will go to a question about DtMS, which you have investigated. I am not familiar with all the details. I think, Dr Horton, you suggested you were chapter and verse on it. DtMS copy the *White Pages*—is that right?

**Mr Haydon**—That is a matter between Telstra and DtMS. That was the substance of the court case.

**Senator CONROY**—That was the subject of the court case.

**Mr Haydon**—It was a separate court case, but it had nothing to do with this investigation.

**Senator CONROY**—In that court case there was not a suggestion that DtMS had access to silent numbers, was there?

**Mr Haydon**—I do not know.

**Senator CONROY**—They took the public phone book and typed it or something.

**Mr Haydon**—That is as it was reported and that is as much as I know.

**Senator CONROY**—But it was not the silent numbers?

**Mr Haydon**—DtMS was in business for a number of years and, as I mentioned before, numbers that were public can progress to become silent.

**Senator CONROY**—But one of the sources of the Liberal Party's phone numbers was DtMS, a company that has been involved in extensive litigation and has now basically gone out of business?

**Senator LUNDY**—Since the election.

**Mr Haydon**—Yes.

**Senator CONROY**—As far as you are aware, has the federal Privacy Commissioner investigated Telstra's potential liability under part 13, protection of communications, of the Telecommunications Act, if this is the case?

**Mr Haydon**—That would not be a matter for the Privacy Commissioner to investigate; if Telstra has breached part 13 of the Telecommunications Act that would be a matter for the ACA to investigate. The provisions of part 13 would apply if Telstra had made data of its customers available to other than the IPND, and that is not at issue here.

**Senator CONROY**—Have the ACA or the federal Privacy Commissioner considered the potential accessorial liability of members of the Liberal Party in this regard?

**Mr Haydon**—The investigation has been quite broad, and that has been part of the reason for the time taken. Certainly it has considered who might be liable under any provision of the telecommunications legislation or the various codes that relate to it—so, to that extent, yes.

**Senator CONROY**—Under part 13 there is a potential accessorial liability of the Liberal Party.

**Mr Haydon**—Part 13 does not apply to the Liberal Party; it applies only to carriers and CSPs.

**Senator CONROY**—Is there any accessorial liability?

**Mr Haydon**—Not of the Liberal Party, not under part 13.

**Senator CONROY**—Under any other section?

**Mr Haydon**—Of the Telecommunications Act, no.



**Senator CONROY**—Why do you say that?

**Mr Haydon**—Part 13 applies to carriers and carriage service providers. The Liberal Party is neither.

**Senator LUNDY**—Does the investigation involve any existing carriers or carriage service providers?

**Mr Haydon**—This particular investigation does not. The investigation is about whether data from the IPND was involved in production of the call list for the telemarketing exercise. That is the core of the investigation.

**Senator CONROY**—If the Liberal Party have commissioned an illegal disclosure of information under the IPND, how can they not be held accessorially liable?

**Dr Horton**—There would be a flow-on from any findings we had in that respect.

**Senator CONROY**—Mr Haydon has suggested there is no accessorial liability. I am trying to understand how, if they commissioned the act, there cannot be?

**Dr Horton**—You have suggested that, but he has not taken any legal briefing on that.

**Mr Haydon**—If there is use of the IPND, then the investigation extends to who is liable. If there is no access to the IPND, then there is no question of liability or of culpability.

**Dr Horton**—We get first to the first base of whether there has been abuse of the IPND. That is where we begin and that is where we end.

**Senator CONROY**—So if there has been a breach it goes on to the next stage—or are you saying you do not do anything about the next stage?

**Dr Horton**—Where we take from is not decided at this stage—if there is a need to take it any further.

**Senator CONROY**—You have not determined whether or not there is a need?

**Dr Horton**—No. We first have to get to that first stage of determining whether there has been an abuse.

**Senator CONROY**—If there has been an abuse, the issue of liability as an accessory to a crime comes into play?

**Mr Haydon**—All of that flows on—if there was abuse, then who was the abuser? But the first question is: was there abuse?

**Senator CONROY**—If there was abuse, the abuser would be the commissioner of the act.

**Dr Horton**—We do not need to speculate.

**Mr Haydon**—We do not have to go that far, because the first step is: was there abuse?

**Senator CONROY**—I am following a straightforward legal principle; I am not trying to speculate. If there has been a breach, the commissioner of the breach is an accessory.

**Mr Haydon**—Of course—is then party to it.

**Dr Horton**—I think that is about as far as we can take the extension of the argument at this stage.

**Senator CONROY**—I am not pressing any further. The key test for you is whether or not the database was illegally accessed.

**Dr Horton**—Yes.

**Senator CONROY**—Are you confining the investigation to the eight complaints?

**Dr Horton**—I believe we are.

**Mr Haydon**—We are getting close to finalising it.

**Senator CONROY**—Are you looking at the potential systemic issue?

**Mr Haydon**—The systemic issue is a breach of the IPND data. The eight complaints are an indicator that the IPND might have been involved. Whether the IPND was involved is the issue—not whether there were eight, 80 or 800 complaints.

**Senator CONROY**—That is what I am trying to ascertain: you are not just looking at the eight complaints and saying, ‘We’ve solved them, so we won’t bother looking at the rest of the issue, about whether there was a breach.’

**Mr Haydon**—The issue is at issue.

**Senator CONROY**—That is what you are investigating, and the eight are simply a potential assistance or—

**Mr Haydon**—Pointer.

**Senator CONROY**—DtMS are out of business, but what are you doing about all the dodgy databases out there in the community today that they have been promulgating? Are you trying to track them down and talk to their customers?

**Mr Haydon**—DtMS being out of business is a matter between Telstra and DtMS; it does not involve the ACA.

**Senator CONROY**—So you could only become involved if you subsequently discovered that DtMS were illegally accessing the IPND?

**Mr Haydon**—DtMS were pursued by Telstra on copyright grounds. That is outside the jurisdiction of the ACA.

**Dr Horton**—This takes us back to the standard that we are helping put in place.

**Senator LUNDY**—We have already established that DtMS was a party to the investigation.

**Dr Horton**—Beyond DtMS is what we are moving into at the moment. This gets us back to the need for a standard which really clarifies what can be done with these sorts of directories.

**Senator CONROY**—Illegal access to the IPND is not an issue around a standard or a voluntary code; it is an issue of law.

**Dr Horton**—We are getting to the general case again.

**Senator CONROY**—You are not suggesting that you could not proceed, if you found there was a breach, because of the voluntary code issue or a need for a standard?

**Dr Horton**—No, I am not suggesting that.

**Senator CONROY**—That is not an issue in this particular investigation?

**Dr Horton**—No.

**Senator LUNDY**—Going back to the need for a standard, to what degree has this investigation contributed to the decision to pursue a standard?

**Dr Horton**—The reason that we do not want to name persons is that they are also assisting us in other investigations which are assisting us with the creation of the standard and with other entirely different investigations.

**Senator LUNDY**—The reason you do not want to name the people involved in this investigation is because the same people are helping you in other investigations and the development of the standard?

**Dr Horton**—Yes.

**Senator LUNDY**—Don't you think there is a little bit of a conflict there?

**Dr Horton**—There is a connection.

**Senator CONROY**—Someone has to stand up over in the corner!

**Mr Haydon**—Your question started by saying, 'Is there a link between this investigation and the creation of the standard?' There is not a direct link because the essence of this investigation is: was the IPND abused? We have not established that the IPND was abused. Clearly, if the IPND has been abused, then how it was abused and who abused it become at issue. The creation of a standard comes from a separate stream of inquiry that predates this investigation by quite a long period and is derived from the ACA's understanding of the behaviour of known and authorised accessors of the IPND. Both of them have IPND in common; both are separate.

**Senator LUNDY**—But the same parties are involved?

**Mr Haydon**—No. The DtMS has not been a—

**Senator CONROY**—Submitter.

**Mr Haydon**—It was not a submitter—that is true. DtMS was not a contributor to the reason for a standard about use of data from the IPND in a direct sense. Clearly, with the existence of organisations like DtMS, the people who create those sorts of things have a vested interest in the way data is available, their particular exclusion from it and other people's access to it, which they might see as inequitable. So it is really quite an indirect linkage between DtMS and the creation of the standard, and there is no linkage between the creation of the standard and this particular investigation.

**Senator CONROY**—I have one further question on related matters. You mentioned that your investigations of the Prime Minister's son had been completed. Is that what you said, Dr Horton?

**Dr Horton**—Sorry?

**Senator CONROY**—You said your investigation of the PM's son spamming and related activities had been completed.

**Dr Horton**—Yes. Senator Lundy requested that, around the election time, and we looked into that. There is actually an exemption for political parties to use spamming, and it needs to be on a commercial basis too, so the conclusion we came to in that case is that it was not an offence. That was quickly tied up.

**Senator LUNDY**—That was because of the exemption?

**Dr Horton**—Yes, and also not commercial.

**Senator CONROY**—I want to briefly talk about a couple of other issues and then I will hand over to Senator Lundy. One is broadband over powerlines. My office has received a large amount of correspondence on the issue of broadband over powerlines. Amateur radio operators are very concerned about the interference caused by this technology. Can you update the committee on the ACA's approach to this area? What regulations apply?

**Dr Horton**—Yes. We are in the process of formulating a regulatory framework for these two demands on the spectrum to come. Broadband over powerlines is one of the exciting new areas of broadband access which will bring competition and new and novel types of solutions and services to the marketplace. So, acknowledging the government's and indeed the parliament's stated intention to be pro competition, we are looking to find ways of using the spectrum not only with broadband powerline activities, which do impact on spectrum users, but also with wireless access as well. So it is part of that whole consideration of alternative access techniques which will lead to a more competitive and healthy marketplace.

On the other hand, we also have incumbent users of the spectrum—the four-wheel-drive communities, amateur radio users, Defence et cetera—who are potentially threatened by interference situations, so what we have done is give thought to a regulatory framework which will find the right sort of balance between these competing demands for spectrum. This is going to increase with time. As we go into the future it will become a much more precious commodity for a more efficient use of the spectrum and for use by different parts of society which will have to learn how to live together in the spectrum. We hope that by later on this year we will have drawn together some guidelines for this to occur. We have a discussion paper that we are just about ready to roll with, to go public and hold workshops, taking into account the situations that need protecting and measuring the impact and having trial systems on the go even at the moment that we are monitoring the use of broadband by powerline. So we are closely involved in monitoring developments in this area at the same time as we are protecting the incumbents and we are trying to find ways through for new applications. It is a difficult situation, and it will not get easier.

**Senator CONROY**—You said you were closely monitoring the trials that are taking place.

**Dr Horton**—Yes, a number of electricity supply authorities are doing trials at the moment.

**Senator CONROY**—Has broadband over powerlines been successfully delivered to large numbers of people in other countries?

**Dr Horton**—Yes. The United States and Europe have two different solutions. They are finding their experimental way forward at the moment as well. It is not as if this is widespread

and commercial right now but it is gaining traction. It is something that I think we need to be abreast of and work in parallel with so that we bring the benefits to Australia.

**Senator CONROY**—How have those countries dealt with the interference issues? Are there agreed world standards or anything like that?

**Dr Horton**—Yes, there are standards in place. There are different standards for Europe and for the USA. This is an issue that we have to grapple with in Australia as well, as to whether and which standards we should be looking at. That is part of the trial.

**Senator CONROY**—Would there be any legislative changes required for broadband to be widely delivered over powerlines here in Australia?

**Dr Horton**—We do not believe so at this stage, but that is part of the discussion paper to see whether there are some changes needed in the band planning and radio communications foundation for this to happen. You asked about legislation. If I could extend that to international legislation, we act on behalf of Australia to interface radio communications applications with the rest of the world, because the world has interference situations that it needs to handle as well. This part of the world is in region 3. We need to come to common agreements with our neighbours in terms of the use of spectrum, and of course that helps with market development because we have common bands and common standards and therefore equipment is available to us.

**Senator CONROY**—Do you have any further public consultations planned on this issue?

**Dr Horton**—Yes, we do. The discussion paper and public consultations should flow in the next few months. I believe the discussion paper is about two months away.

**Senator CONROY**—I want to talk about mass service disruptions. The ACA's telecommunications performance report issued last December showed that Telstra is increasingly using the weather as an excuse for failing to meet consumer service standards, with 123 mass disruption notices issued in 2003-04. Has the ACA had any discussions with Telstra concerning its use of MSDs and what was the outcome of those discussions?

**Dr Horton**—I will introduce Mr Neil, who is our architect of the network reliability framework and the CSG monitoring.

**Senator CONROY**—He has dropped you right in it there, Mr Neil!

**Mr Neil**—Yes, and Mum always wanted me to be an architect! The issue of mass service disruptions and their effects on consumers and so on is an issue that we have discussed with Telstra from time to time. We have been doing some work. We, as part of our processes, monitor the use of these things. We are required under the arrangements to make sure that Telstra follows the appropriate procedures in terms of notifications and so on, and we do that. We also monitor the use of them. If people complain about the use of them, we look into the circumstances from time to time. We have not had a lot of complaints, I have to say. But if there are reports, for example, about Telstra calling something when there was a limited amount of rainfall we have in the past looked at the rainfall in a particular area, talked to the Bureau of Met and that sort of thing from time to time.

We have noted an increase in the use of MSDs. From memory, there was a step jump in about the middle of 2003. Telstra's explanation for that was that it was a response to the tightening up of the provisions for the calling of MSDs and, in particular, some provisions that required them to define the geographical areas more tightly. Their argument has been that they have used more MSDs but they have been more tightly defined and that the number of customers affected by the total number of MSDs has not substantially increased, although I think we noted an increase in the annual telecommunications performance report. We are interested in the effects of weather on the network and how that affects performance. We have been doing a bit of work in relation to the network reliability framework where we do map, on a monthly basis effectively, the changes in the levels of faults in the Telstra network. We have mapped a relationship to rainfall and to lightning in that area. It is an area of interest to us and we do talk to Telstra about it.

**Senator CONROY**—In the ACA's view do these notices in part reflect an ageing or poorly maintained network or poor maintenance of the network?

**Mr Neil**—I think that is the question that we are trying to get some sort of handle on. We have obviously mapped that changes in the weather do have an impact on the network and in certain circumstances—for example, the experiences in Sydney and Melbourne most recently, in the last week or so—they are not quite to be expected. All infrastructure gets affected by extreme weather. The issue is, I guess, whether the network should be as affected by the variations. Those are the things that we are trying to get a bit of a handle on.

The approach that we have been testing with Telstra—which we are in the early stages with—is to look at some of the geographic areas they report on, on a monthly basis, that under the network reliability framework perhaps perform at a lower level than other areas. We are trying to get an understanding of that. For example, some areas of regional New South Wales in particular and the Northern Territory Top End tend to feature at the lower end of performance on a continuing basis. We are trying to see whether we can understand the reasons for that—the particular aspects or the characteristics of the network in those places which tend to give them a lower level of performance.

**Dr Horton**—What that has led to is that, during the course of the last 12 months or so, we identified the 53 or 54 worst performing exchanges in the hope of bringing in the poorly performing—

**Senator CONROY**—So you are actually putting a bit of pressure on Telstra about the worst performing ones?

**Dr Horton**—We request remedial plans from Telstra on the poorly performing exchange areas. They will remediate those—

**Senator CONROY**—Have they responded to those ones that they have identified?

**Dr Horton**—Yes, they have. They have remediated all 54 now.

**Senator CONROY**—Have we had any recurrences since they have been remediated?

**Dr Horton**—We are still monitoring the performance afterwards, so it may be a little bit early to definitively say that. We think that we have a fairly good network reliability framework in place and, after the first year of operation of that, we made some suggestions to

the minister of how that could be improved in the future. If at some stage we are going to tick off the performance of the network in rural and regional areas there are some things that we have built into there that we would be much more satisfied with if they occurred.

**Senator CONROY**—Have the ACA ever rejected a MSD claim by Telstra?

**Mr Neil**—Yes. I think that on one occasion we retrospectively did it because they failed to follow the administrative procedures appropriately. There was at least one occasion I think when we did that.

**Senator CONROY**—How long ago was that?

**Mr Neil**—At least 12 to 18 months ago.

**Senator CONROY**—Could we get the details of that?

**Mr Neil**—I can dig them out for you.

**Senator CONROY**—Do you audit them?

**Mr Neil**—We did run an audit of MSD procedures not too long ago. We had an independent auditor look at the approach that Telstra takes to it. I think it was KPMG. That confirmed that Telstra has in place a system, a process, and that they adhere to the process quite systematically.

**Senator LUNDY**—I would like to ask about the ACA's web site. You have got a notice on the front of the web site which says:

From 17 December 04 the ACA has introduced a new Web Content version of its Internet, should you experience problems accessing pages or have broken links please contact the ACA Web Team ...

I do not know how citizens access it but none of the links from the front page seem to be working. What is the status of the new web content system you have introduced and how much did it cost you?

**Mr Loney**—I am not sure what problems you are having, Senator. You are obviously having some problems with our web site now but that is not our understanding of the general experience of people accessing it. We did introduce a new web content management system both internally and externally last year. That has gone very well from our perspective. I am not aware of any significant number of complaints about people's ability to access the internet.

**Senator LUNDY**—There might just be a problem here, but it is probably worth checking. Every link—the main banners, the 'make payments to' link, the feedback link, the 'contact us' link—is going to a page that says, 'This web page was not found.' Could you check it out.

**Mr Loney**—We can certainly look at that. If our tests do not show anything wrong but your office is still having problems, we could look at that.

**Senator LUNDY**—You will be pleased to know that the link through to the webmaster does work.

**Mr Loney**—That is good.

**Senator LUNDY**—I would like to go to the issue of ADSL service standards. The ACA may have noticed another range of complaints about service quality of ADSL in the Balgowlah region in Sydney. What involvement and powers does the ACA have to pursue service standards for ADSL products offered in the Australian market, if any?

**Mr Neil**—There are no legislated standards along the lines of a customer service guarantee or those sorts of things for the delivery of ADSL services. Obviously the providers of those services are subject to the Trade Practices Act and other consumer protection measures if they are not providing the services that they advertise. There may be things like the prices, services, terms and conditions code—whatever it is called. Some of the ACIF codes may be applicable. Again, it is general consumer protection type material and, if there were breaches of those codes in terms of advertising for example, arguably there maybe issues we could pursue. But there is no specific service quality standard applying. Telstra, when it ran into trouble a couple of years ago, did pay some compensation to customers as a consumer driven thing. But there is no government legislated standard on service quality.

**Senator LUNDY**—No, I did not think so, but I thought it would be worth getting that on the record, having been enlightened through the media this morning about another serious outage of ADSL services over an extended period of time.

**Mr Neil**—We have done some independent monitoring of the quality of services provided in broadband widely across geographic areas throughout Australia and across a range of technologies. That monitoring did produce quite good results in the level of throughput people were getting against the advertised services and also a high level of availability—about 99.7 per cent was the average across the range of services. So that did not suggest at that time—aggregated nationally and not focusing on any particular area—a huge problem.

**Senator LUNDY**—With respect to the 19.2 kilobits per second standard for dial-up that is government policy, do you have any formal role in enforcing that standard?

**Mr Neil**—Yes, we basically took over the IAP monitoring from the department about 12 months ago and we get regular quarterly reports on Telstra's compliance with the requirements of their licence condition in relation to the IAP.

**Senator LUNDY**—How active is the ACA in promoting that particular standard, given one of the complaints I raised with Telstra last night was of a consumer who was still getting sub 19.2 kilobits dial-up speed?

**Mr Neil**—In the past, we have been involved. Telstra is primarily responsible for advertising. They have an obligation to provide information about the service and those sorts of things in the terms of their licence conditions. We have publicised it in various of our consumer publications from time to time, such as in consumer bulletins. There are very likely references to it on the web site and there are links to the IAP web site from our web site.

**Senator LUNDY**—What is the best way for consumers with less than 19.2 kilobits to contact you?

**Mr Neil**—Ring the IAP and get Telstra to fix it.

**Senator LUNDY**—What is the number?



**Mr Neil**—I do not know it offhand.

**Senator LUNDY**—Could you take that on notice.

**Mr Neil**—Sure. I am sure you can get it off the web site.

**Senator LUNDY**—Is the ACA satisfied with the progress of the code on unfair contracts?

**Mr Horsley**—The ACA has been pleased with the process that ACIF has undertaken on the development of the code. It is still a draft code and, as we understand it, is about to be presented to the ACIF board for approval. When the ACIF board approve the code, we understand that they will submit it to the ACA for registration. While we obviously need to study the formal document when it arrives, having participated in the development process of the code we are reasonably confident that it will deliver its objectives. We expect to have that code registered, all things being well, by the middle of the year. ACIF expect to give us the code next month. We will take a month or two to examine it to ensure that it can be understood and complied with by industry and that we can administer it.

**Senator LUNDY**—What is the position of the ACA on claims by the Australian Consumers Association that the process has failed and that, because the ACIF draft code was published with options, the ACA should now moved to create an adequate standard?

**Mr Horsley**—I think time has passed that circumstance by. It is quite correct that the code was published with options. As a result of the feedback provided to ACIF, the code is now without options. There is a final direct single code and we understand that it will be presented to us for registration. So while the circumstance that you have described, which the Australian Consumers Association identified, did occur—and was perhaps not desirable—following that circumstance, ACIF brought in a mediator and worked somewhat harder to resolve the issue. I think it is fair to say they have successfully resolved the issue.

**Senator LUNDY**—Has the ACA formally decided not to proceed with the possibility of developing a standard?

**Mr Horsley**—We will decide to do that or not do that when the code is presented for registration. If we are satisfied that the code is okay we would register it. If we had a concern, our first suggestion would be that ACIF improve it. If it did not get improved we would go to the standard.

**Senator LUNDY**—Are you concerned that, if an unsuitable option is selected, the code might be unsatisfactory and lead you to refuse registration? Do you think one of the options presented that possibility?

**Mr Horsley**—We did have a view that one of the options was not appropriate.

**Senator LUNDY**—Was that option J?

**Mr Horsley**—I forget the actual designation. Our officers are satisfied. They tell me that the code now being presented to the ACIF board is meeting the ACA's concern about variations in contracts.

**Senator LUNDY**—Does the authority have a problem with the creation of a test of material detriment—as opposed to detriment—as contained in one of the options?

**Mr Horsley**—We were asked by ACIF to express a view. We expressed a view which supported the detriment clause. That was an unusual thing to be asked, but we gave our view without prejudice to the authority making its final decision. We think the adoption of detriment has been appropriate.

**Senator LUNDY**—Are you able to advise the committee whether or not the material detriment clause set a bar too high for consumers, in your view?

**Mr Horsley**—We did that when we were asked for that opinion by ACIF. We considered material detriment was too high.

**Senator LUNDY**—Are you in favour of a code which is in line with the Victorian Fair Trading Act?

**Mr Horsley**—It is a bit difficult for us to say that precisely, but we certainly would expect the code to deliver outcomes consistent with the Victorian legislation.

**Senator LUNDY**—You gave me a bit of a time line before. ACIF are due to provide you with a final code—

**Mr Horsley**—Next month.

**Senator LUNDY**—For registration in March?

**Mr Horsley**—And we would expect to register it before the middle of the year.

**Senator LUNDY**—Given your comments on the possibility of the creation of a standard, on the determination that the code was not registrable would you proceed immediately with a standard or would you seek to negotiate with ACIF?

**Mr Horsley**—It would depend on the circumstances, but our first response would be to ask for an improvement in the code if that looked to be a possibility. If we had reason to ask for the improvement, then, if that improvement was not forthcoming, as I said, we would move to a standard.

**Senator LUNDY**—What time frame are you willing to put around that process to ensure that the whole exercise does not blow out by months and months?

**Mr Horsley**—It is very difficult to put a precise date on it, but if we received a code for registration which we found it impractical or inappropriate to register, we would go back quickly to ACIF. The chairman and I have spent considerable time interacting with ACIF. We would expect any request for an improvement to be given speedy consideration. If a request to improve was not forthcoming, we would look at a standard before the end of the calendar year.

**Senator LUNDY**—I would like to turn to the issue of young mobile phone users. Given the high use of mobile phones by young people, are you developing any specific strategies to safeguard their interests and educate this group, including parents, about the pitfalls of mobile phone contracts and costs associated with those contracts?

**Mr Horsley**—Last year, we did a substantial amount of work on unexpected high bills. We interacted with the industry to find a way in which expenditure by people using mobile phones—young or old—could be better managed. We were pleased to learn from the industry

of new billing packages that are available that enable individual users to set their billing limits, receive warnings and have stops put on their activity. That report was provided to the minister. The minister has released that report for public comment to get some feedback that our suggestions are reasonable. We would hope that that is something that would be in place quite quickly. The minister has provided a month's turnaround time for public comment. We would expect some ground rules for expenditure to be in place by perhaps the middle of the year.

As to what young people—or anybody—can do with mobile phones, the minister has issued us with a direction to cover the management of access to restricted content. The ACA has released a number of number ranges for SMS and MMS activities. Two of those number ranges are for adult or restricted content only. Those numbers cannot be used until there are access controls in place in which we have confidence that only adults can access those number ranges. The ACA's service provider determination is in draft; it has been provided to the industry and the consumers for comment. We would hope that is resolved and that it will be in place around April-May.

**Senator LUNDY**—Thank you for that. I would now like to ask some questions on message terminated billing services. These services are usually generated from web sites; people can go to a web site, subscribe to a service and receive messages that they subsequently foot the bill for. How complex are the contracts which consumers enter into via these web sites initially and what involvement has the authority had in looking at potentially unfair contracts or the nature of these contracts?

**Mr Horsley**—Ultimately, the contract will have to comply with the new code. For activities of the type you describe, there is a responsibility on the provider to inform the customer of the cost involved in what they are entering into. If it happens to be a subscription service they are obliged to tell the customer the extent of the subscription and the cost per transaction.

**Senator LUNDY**—My information says that the cost can vary from 20c per message to \$4 per message.

**Mr Horsley**—Yes.

**Senator LUNDY**—What involvement has the ACA had with the industry to improve consumer awareness about this type of service and billing—and opting out options of course?

**Mr Horsley**—In all of the work we have had with the industry we have impressed upon them the need to properly communicate to their customers the circumstances they are getting into, and absolutely that they must have a simple opt-out process. While we are not the only country that has struggled with that, our advice to the industry has been that if the customer sends an SMS message 'stop' then the service must cease.

**Senator LUNDY**—I turn to the issue of directory assistance call charges. We asked Telstra a number of questions yesterday on this issue. Charles Britain, from the Australian Consumers Association, has called on the ACA to play a greater role in advertising fee-free services for callers. What is your response to this call from the Consumers Association? What does the

ACA intend to do to better inform consumers about fee-free services, as opposed to the expensive inquiry services?

**Mr Horsley**—We use our various consumer communication media—the *Consumer Bulletin* in particular—to advise people of the directory services that are available and those that are free. We also interact with the providers of the services to ensure that if they are offering a service for a charge they make it obvious what the charge is, so that, again, when people enter the service they have an appreciation of the likely cost.

**Senator LUNDY**—Can you, I suppose independently of Telstra and other carriers, promote the fee-free service yourself as an authority?

**Mr Horsley**—We can. As I said, we use the *Consumer Bulletin*, which is, in a sense, our friendly publication. If something unusual occurs we could use a consumer alert. The issue of directory charges is also in our toolkits—and these have probably been our most successful publications for consumers—for phones, mobiles and the internet.

**Senator LUNDY**—Given the recent changes regarding directory assistance numbers and the obvious confusion about it, of which we saw an example last night, is it timely to put out a consumer alert on fee-free directory assistance?

**Mr Horsley**—It could well be.

**Senator LUNDY**—I understand from a recent survey or study in relation to the TIO's performance that people in rural and particularly remote areas of Australia have a lower incidence of, or awareness of, accessing the TIO. Does the ACA plan to do anything to further promote or push awareness of the TIO in rural and remote areas in Australia?

**Mr Horsley**—We promote the TIO in a general sense. We have not taken action to specifically promote it in rural areas. We are really leaving that to the TIO itself. Certainly, we have been on a number of shared activities with the TIO officers around regional Australia, promoting the ACA consumer activities as well as the TIO.

**Senator LUNDY**—Thank you. I had better leave it there. I will be placing a few questions on notice.

**Senator McLUCAS**—Can the ACA explain the process by which it came to the decision to sell or dispose of land at Cape Pallarenda in Townsville, please?

**Mr Loney**—Yes we can. The ACA identified, in 2002, that the property at Cape Pallarenda was likely to become surplus to ACA requirements. That was confirmed last year. The general policy of the Commonwealth is that surplus land with no alternative use should be sold on the open market at full market value. That was the course of action that the ACA took because we could not identify any grounds for either a priority sale or a concessional sale, both of which are allowed under the policy but were not appropriate in this case.

**Senator McLUCAS**—You could find no grounds not to sell it at full market value on the open market. Who did you consult to come to the view that there were no grounds that would lead you to an alternative view?

**Mr Loney**—In 2002 we had a meeting with the Townsville City Council to discuss the fact that we believed that the property was likely to become surplus to our requirements. From our

perspective, the purpose of the meeting was to discover what we would need to do or whether there were any restrictions on selling the property. No concerns were expressed to us by the Townsville City Council. They also gave us some advice about how to take the property to market and what we needed to do. In 2004 we consulted again with the Townsville City Council to confirm that the advice that the council had given us in 2002 will still valid.

**Senator McLUCAS**—Was the advice from the Townsville City Council in writing?

**Mr Loney**—No, it came from a meeting between ACA officers and Townsville City Council officers in Townsville.

**Senator McLUCAS**—Did you write, on any occasion, to the Townsville City Council expressing the desire to dispose of the land?

**Mr Loney**—No, because on the basis of the advice they gave us in November 2002 there was no formal requirement for us to do that; nor did they express any interest in receiving formal advice from us that the property was going to be put to market. The advice that they gave to us was simply that we should take it to market when we were ready to do so.

**Senator McLUCAS**—Who owned the land prior to the ownership by the Commonwealth?

**Mr Loney**—I do not know. The land has been in Commonwealth ownership since at least 1913.

**Senator McLUCAS**—That is right.

**Mr Loney**—The actual date on which the Commonwealth acquired the land is not clear to us. We presume, but we do not know for certain, that it was acquired from the state government. I cannot confirm that.

**Senator McLUCAS**—I can. It was state government land prior to that. Is the ACA aware of the Commonwealth Lands Acquisition Act and its requirements?

**Mr Loney**—Yes, the Lands Acquisition Act also deals with the disposal of Commonwealth land and all the requirements of that act were met with regard to the disposal of this property.

**Senator McLUCAS**—I understand that that act requires that, if land is going to be disposed of, it must be first offered to the former owner.

**Mr Loney**—There is a former owner entitlement set out in the Lands Acquisition Act. However, that entitlement existed only for seven years after the land was first acquired by the Commonwealth. So that entitlement expired around 1920, if not earlier.

**Senator McLUCAS**—So you complied with the letter of the law but maybe not the spirit of the law.

**Mr Loney**—No, we complied with the legislation and the relevant policy, and the decision we made to sell the property on the open market at full market value was consistent with both the legislation and policy.

**Senator McLUCAS**—And the policy does allow for there to be times when land is not sold on the open market, but you found no grounds to pursue that alternative?

**Mr Loney**—That is correct.

**Senator McLUCAS**—So you consulted with Townsville City Council. You did not consult with the state government at all?

**Mr Loney**—No.

**Senator McLUCAS**—Even as the former owner.

**Mr Loney**—From an ACA perspective the former owner is actually the Commonwealth, because a property was transferred to us in 1998, but no concerns were raised by the Townsville City Council. I should say that, in terms of paths not taken—and obviously this has attracted some local interest since the property went to market—the ACA did not identify any basis for a priority or concessional sale before we put the property on the market. Since the property was put on the market, we have received some representations and the minister has also received some representations—

**Senator McLUCAS**—Yes, we will get to the current situation in a minute; we just need to know the history.

**Mr Loney**—None of those representations, although they sought a priority sale, which is allowed under the government policy, provided a basis for a priority sale. For a property to be sold on a priority or concessional basis, certain policy criteria must be met. They were not met and no-one has made a case to us that they could be met or are met.

**Senator McLUCAS**—Even Mr Lindsay.

**Mr Loney**—Mr Lindsay did not make any representations to the ACA. None of the representations that we have seen or been provided with copies of has provided a basis for a priority sale. They sought a priority.

**Senator McLUCAS**—So Mr Lindsay has made no representations to the ACA?

**Mr Loney**—No, Mr Lindsay made a representation to the minister.

**Senator McLUCAS**—When did the minister become aware that the Pallarenda land was going to be sold on the open market? When does the ACA advise the minister that it is going to happen?

**Mr Loney**—We provided advice to the minister. We did not advise the minister before putting a property to market. There was no requirement.

**Senator McLUCAS**—You did or did not?

**Mr Loney**—We did not.

**Senator McLUCAS**—You are not required to?

**Mr Loney**—No.

**Senator McLUCAS**—I just want to confirm that your discussions with the Townsville City Council were with officers of the Townsville City Council, not elected officials?

**Mr Loney**—That is correct. They were with the Director of Planning.

**Senator McLUCAS**—When you say that there were no grounds to have the land sold on this concessional basis, what are the potential grounds on which land can be sold on that basis?

**Mr Loney**—They are set out in the Commonwealth property disposals policy, which is available from the web site of the Department of Finance and Administration. A concessional sale is a priority sale at a concessional price. You cannot buy a property for a concessional price unless you first qualify for a priority sale.

There are three grounds for a priority sale. The first is former owner entitlement, which you mentioned before, which does not apply in this case. There is also an entitlement in relation to Commonwealth funded organisations that seek special consideration, which is not the case. And there is also a provision for facilitating Commonwealth or other cooperative policy initiatives or to protect other Commonwealth property interests, which once again do not apply in this case. They are the three grounds on which you can have a priority sale. We could not identify any basis for a priority sale before putting the property on the market, and since putting the property on the market we have not had any facts drawn to our attention that meet any of those three criteria.

**Senator McLUCAS**—So the environmental values and the social values of the piece of land cannot be considered?

**Mr Loney**—If they came within the remit of a Commonwealth policy or program, they could, but that is not the case here. The site is clearly seen locally to be of some significance, but the Commonwealth government policy for the disposal of properties does not provide for that.

**Senator McLUCAS**—Are you aware that the land that is adjoining the current parcel that we are talking about was going to be sold in 1982?

**Mr Loney**—My understanding is that about 200 hectares were sold in 1982 to the Queensland government.

**Senator McLUCAS**—Only after the intervention of the then Prime Minister, Mr Fraser.

**Mr Loney**—I am not personally aware of that, but I believe that is the case.

**Senator McLUCAS**—That is the case. Basically we were in the same situation. The Commonwealth was going to sell it and Mr Fraser decided to intervene personally. It was sold at a nominal value to the former owner, the Queensland government. Are you aware that the Queensland government has offered a nominal amount for the land?

**Mr Loney**—I am thinking about what I can appropriately say at this time. The sale process has not been completed. Settlement is this week. I am not sure that I would want to discuss any of the tender offers that were put in.

**Senator McLUCAS**—I understood that tenders had closed.

**Mr Loney**—Tenders have closed, but an offer has been accepted. Settlement is scheduled for later this week.

**Senator McLUCAS**—I thought the date for settlement was today.

**Mr Loney**—It is the 17th, Thursday.

**Senator McLUCAS**—Obviously, then, you are aware of the community concern about the potential sale of this land.

**Mr Loney**—Yes. As I said, we have received some representations.

**Senator McLUCAS**—And you are aware of, but you are not prepared to comment on, the offer from the Queensland government?

**Mr Loney**—The Queensland government, through the Queensland EPA, made a representation to the ACA, but, as I mentioned before, none of the representations that we have received provided a basis for a priority sale. Because there were no grounds for a priority sale, the ACA has continued in accordance with the general policy of the Commonwealth.

**Senator McLUCAS**—Let us go back to those principles. We were talking about environmental or social values of the land and the fact that the adjoining land is a reserve for the use of the residents of Townsville. Did you consider that fact when you pursued the path of selling at market value—the fact that it adjoins public open space, former Commonwealth land provided back to the state of Queensland?

**Mr Loney**—We considered that, but it still comes back to the basis. There are three grounds for a priority sale; none of those grounds was met in this instance.

**Senator McLUCAS**—It seems as though they might be going to be met, which would be terrific.

**Mr Loney**—I am not sure—

**Senator McLUCAS**—The Commonwealth has an interest in the protection of the environmental values of Cape Pallarenda, surely, through the EPBC act?

**Mr Loney**—Environmental protection is, in the first instance, a matter for state and local jurisdictions. There is federal legislation. The advice we received was that that legislation was not relevant to this site and that there was nothing under Commonwealth environmental law that picked up any of these priority sale requirements.

**Senator McLUCAS**—I will not ask you what the amount of the contract is, because I think that is inappropriate. But, come Thursday, when and if the contract is settled, can you provide the committee with the name of the purchaser and the amount of the purchase price?

**Mr Loney**—After settlement it will obviously be a matter of public record, and we would be happy to provide that information.

**Senator McLUCAS**—You would be aware that there is some concern in the Townsville region about the potential purchaser and the purpose they might put the land to.

**Mr Loney**—That has certainly been made clear by the people who made representations, including the federal member, whom you mentioned earlier. That is a matter for the local jurisdiction, the Townsville City Council, which has planning control over that site.

**Senator McLUCAS**—One would hope that the potential purchaser is quite aware of those town planning restrictions as well.

**Mr Loney**—Certainly. The information memorandum for the property provided all those details.



**Senator McLUCAS**—When the Townsville City Council’s leadership was not aware that this process was under way—

**Mr Loney**—I think that is an internal matter for the Townsville City Council.

**Senator McLUCAS**—Yes, though I am interested in the fact that there was no correspondence between the ACA and the TCC to put into effect the discussions that were had with officers of the council.

**Mr Loney**—Having met with them and having had our questions answered, I guess our assessment was that it was not necessary.

**Senator McLUCAS**—There is a view that the community has been badly let down by the federal government and the responsible minister. That seems to express a lack of transparency in this process. You do not have any requirement to tell a community what you are intending to do with significant parcels of land?

**Mr Loney**—We did tell the community. We spoke to the Townsville City Council.

**Senator McLUCAS**—That has not worked, has it? You had a meeting with officers of the council. There was no discussion with the elected arm of the council. There was no discussion with the state government at all.

**Mr Loney**—The internal affairs of Townsville City Council are a matter for the Townsville City Council. I think it is quite reasonable for the ACA to go to the Townsville City Council to meet with the director of planning to seek advice on an issue and then assume that the Townsville City Council is internally informing itself of the advice it is giving out.

**Senator McLUCAS**—Maybe that is duplicated in other local authorities, but it usually requires a piece of paper to start a report process in local government.

**Senator Kemp**—I think that if you see the officers of the council you would expect that, if it were to become a controversial issue, the officers would surely brief members of the council.

**Senator McLUCAS**—They did—when the ‘for sale’ sign went up.

**Senator Kemp**—You are saying they waited awhile before they briefed the elected officials, are you?

**Senator McLUCAS**—I am suggesting that, if the ACA went to the Townsville City Council and asked what planning instruments covered the portion Cape Pallarenda, the Townsville City Council would have said, ‘Commonwealth land-open space’, or ‘Commonwealth land-technical use’, or something like that. That is it. That is the situation with the town plan.

**Mr Loney**—The land is zoned special-purpose Commonwealth.

**Senator McLUCAS**—I imagine.

**Mr Loney**—When we identified that the property was likely to become surplus, one of the issues we wanted to resolve was whether the land could be sold with its current zoning or whether we should first apply to have the zoning changed to make it more attractive for sale. The advice we received in 2002, and which we confirmed in 2004, was that any change in

zoning would only be considered as part of a development application. The ACA is clearly not going to create a development application for a property that it intends to sell. The advice from the Townsville City Council was that the property should be sold with its current zoning and that any change in zoning would be a matter for the council to consider.

**Senator McLUCAS**—Normal practice in Queensland local government.

**Mr Loney**—Yes. It is a matter for the purchaser of the property, and that was made clear in the information memorandum for the property.

**Senator McLUCAS**—Could either of the two shareholding ministers of the government have intervened in the sale?

**Mr Loney**—Are you referring to the minister for finance?

**Senator McLUCAS**—Yes, or the minister for communications.

**Mr Loney**—I think that is a matter for the ministers to answer, but a concessional sale would require the approval of both the minister for communications and the minister for finance.

**Senator McLUCAS**—No, that is not the question. Could either of the ministers—but in this case Senator Coonan—have intervened in the sale of the land?

**Mr Loney**—I am not in a position to answer that question. I am not quite sure what you mean by ‘intervened’.

**Senator McLUCAS**—I am quoting from a press release from Mr Lindsay who says:

The ACA has two shareholding ministers of the government. They plainly could have intervened in the sale but chose not to do so.

Is that true? Does the structure of the ACA allow for that shareholding minister to direct the ACA to act in certain way?

**Mr Loney**—Mr Lindsay may have used the term ‘shareholding ministers’, and for an organisation like Telstra that is a relevant consideration, but it is not the way the ACA is structured, as I understand it.

**Senator McLUCAS**—So the ACA does not have shareholding ministers?

**Mr Loney**—We have a minister to whom we are responsible and to whom we report.

**Dr Horton**—We wrote to the minister and informed her of what was happening and gave her the opportunity to intervene if she felt it was appropriate.

**Senator McLUCAS**—When did you do that?

**Mr Loney**—That would have been before Christmas. It was after the initial representations were made.

**Dr Horton**—It was over a period of about three weeks along the time line of the sale.

**Senator McLUCAS**—So immediately before Christmas you wrote to the minister to advise her of the impending sale?

**Senator CONROY**—Just to clarify, there are no two shares for the ACA; it is an independent statutory authority set up by parliament?

**Dr Horton**—Yes, that is right. We did not bring this term into the conversation.

**Senator McLUCAS**—No, and with respect, neither did I.

**Senator CONROY**—No, we are just trying to clarify that to ensure that we know Mr Lindsay is talking through his hat.

**Dr Horton**—I do not even know if Mr Lindsay wears a hat.

**Senator CONROY**—Hopefully that is where he is talking out of as opposed to where I suspect he has been talking out of.

**Senator Kemp**—I think you may be talking through your hat. Mr Lindsay is a very conscientious member of parliament and has enjoyed very strong and widespread support in that community, and rightly so, because of his efforts. I do not know if you were here when the discussion was occurring but my take-out of the discussion was that the council was informed. There is an issue as to whether the officers of the council informed the elected officials. That is a matter of fact that can be established as to whether they did inform the elected officials.

**Senator McLUCAS**—They did not.

**Senator Kemp**—We can find that out. And if they did not inform the elected officials, that would appear to be surprising, I would have to say, at the very least.

**Senator McLUCAS**—My experience in local government in Queensland tells me that that is not surprising. The letter was never received.

**Senator Kemp**—I think that is a slur on the officials of the council.

**Senator CONROY**—We are moving on, Senator Kemp, and you are slowing us down.

**Senator McLUCAS**—I will finish this briefly.

**Senator Kemp**—I am just trying to respond to the questions that have been raised.

**Senator CONROY**—‘Slow to anger’ you once told me.

**Senator Kemp**—No-one is keener than me to move this on, I can assure you.

**Senator McLUCAS**—So the minister was advised before Christmas and, Mr Loney, you could provide us with the precise date of when the minister was advised of the sale of the land?

**Mr Loney**—No, but I could advise you of the date the ACA wrote to the minister, which was 24 December. That was after both the minister and the ACA had received representations on the matter, so the minister was aware of the sale by the time the ACA wrote to her.

**Senator McLUCAS**—Would you usually write to the minister to tell her that land was being disposed of?

**Dr Horton**—We are not in the business, on a regular basis, of disposing of land that we have no requirement for. The occasions on which we would be in that situation would be very few and far between.

**Senator Kemp**—It is worth recording that if the Queensland government had wanted to make a bid for the land, I assume they could have made a bid.

**Senator McLUCAS**—They, in fact, have made a bid.

**Senator Kemp**—No, they could have made a bid in the normal process. The Queensland government was seeking a priority sale; is that right?

**Senator McLUCAS**—In your terminology, yes, I suppose. The state government expressed an interest in purchasing the land when it became evident to the community that it was for sale. They offered, given the lack of knowledge or any idea that this was going to happen, a zero sum. That was subsequently changed to a notional sum that reflects the original price for the land back in the early 1900s.

**Senator Kemp**—I think that is ducking the question a little, isn't it?

**Senator McLUCAS**—No. There have been two offers by the state government for this portion of land.

**Senator Kemp**—You are telling me that the Queensland government made a financial bid for the land to compete with other bids.

**Senator McLUCAS**—A bid in good faith so that the integrity of the land is preserved.

**Senator Kemp**—No, that is not the question. It was open to the Queensland government to make a bid to acquire the land, presumably at the commercial rate, whatever that was. Is that right?

**Mr Loney**—The Queensland government did put a bid in to the tender process.

**Senator Kemp**—But it failed to come through—is that right? It failed to make a sufficient bid.

**Senator McLUCAS**—I think that the value of that portion of land is not totally monetary, and that view is very much reflected by the Townsville community. It abuts a nature conservation area. It is dismissive of the aspirations of Townsville to sell that land simply for money, given that it was acquired from the state government originally.

**Senator Kemp**—I just make the point that I think there was a tender process and that it was open to the Queensland government to acquire the land. It obviously did not put in a bid of sufficient value.

**Senator McLUCAS**—There are issues bigger than commercial issues here.

**Senator Kemp**—I have got some advice here, perhaps bringing some of these themes to conclusion. As the senator will know, the ACA has advised the government that the requirements for a priority sale were not met for this particular property.

**Senator McLUCAS**—We have traversed that, Minister.

**Senator Kemp**—And that the recognition of a non-conforming bid may place the Commonwealth government at risk of litigation from unsuccessful tenderers. I think that is probably worth putting on the record.

**Senator McLUCAS**—And if this process had been started in a different way, with broader consultation that included the state government prior to the tender process beginning, we would not be where we are now.

**Senator Kemp**—As far as we are aware, the proper processes were followed. There is an issue of whether the officers of the council appropriately informed the elected officials. That is a matter that you will have to resolve with the officers of the council.

**Senator McLUCAS**—It has been resolved.

**Senator Kemp**—It seems strange, doesn't it?

**Senator McLUCAS**—No, it does not seem strange, Senator Kemp. There was no correspondence from the ACA—informal meetings and all of a sudden the block of land is for sale.

**Senator Kemp**—You are saying that this matter is so important that we have to take up the time of this Senate committee, therefore it is a matter of considerable importance to you and to the local community. But you do not regard it as surprising that the officers of the council did not bother to inform the elected local government members that this matter was occurring. That is surprising to me.

**Senator McLUCAS**—What I do find surprising is that the ACA did not write at any time to the Townsville City Council or to the state government of Queensland, announcing their intention to sell a very important parcel of land at Cape Pallarenda.

**Senator Kemp**—So the meeting with the officials is of no consequence as far as you are concerned. The ACA goes and meets with the officials of the council and tells them what they are going to do, and you are trying to say that this was not the appropriate thing to do.

**Senator McLUCAS**—It did not work, did it?

**Senator Kemp**—Whose fault is that? Is it the council's fault or is it the ACA's fault?

**Senator McLUCAS**—No, I am sorry. A formal discussion between any entity always begins with the exchange of letters. That did not occur.

**Senator Kemp**—People will judge this. The ACA officers can correct me if I am wrong. They have made it very clear that they did brief the council. That is a major issue for you. They briefed the officials of the council. Your complaint is that the elected officers of the council were not briefed. I suppose people would say that it was up to the officials of the council to make sure that the elected members were briefed.

**Senator McLUCAS**—People may say that, but a letter from the ACA would have solved that problem.

**Senator Kemp**—Because it is such an issue it is now taking up a considerable amount of time. It was a controversial issue, and if I were an elected official I would be asking why the officers did not inform me.

**Senator McLUCAS**—I would suggest that the ACA should have recognised the controversy it was going to create by selling this parcel of land and should have taken a more formal approach with the Townsville City Council and with the state government.

**Senator Kemp**—I think a lot of people would say that a visit to the council to brief them was a very important step.

**CHAIR**—We will go to Senator Allison, who was called a little while ago.

**Senator ALLISON**—What was the ACA's response to the announcement by Telstra—published on the web site—of the decline in performance over the last three months in, I think, six out of nine areas in my home state of Victoria?

**Mr Neil**—Are you referring to the figures published at level 1(a), the network reliability framework? In relation to the national figures on the network reliability framework, it is true that in the first half of 2004, on a national basis, Telstra was performing somewhat better than in 2003; in the second half it was performing somewhat below. On a national basis, the declines are between 0.04 per cent and 0.15 per cent. When you look at the measure, which is a percentage of services without a fault, turning to—

**Senator ALLISON**—Sorry, I am aware of—

**Mr Neil**—I am moving to Victoria.

**Senator ALLISON**—I am aware of the figures. You do not need to tell us those. What I want to know is what the ACA—

**Mr Neil**—You are asking for our response, and I am putting it in context. The context is that we look at the whole of the performance over two years in relative terms. There is no massive decline; there is no reason to think the sky is falling on the network because of these changes. If you want to put it in short, that is the position that we are taking.

**Senator ALLISON**—So—

**Mr Neil**—I can deal particularly with Victoria if you want me to deal with Victoria.

**Senator ALLISON**—I do not actually want you to focus on Victoria. I am interested in the overall performance of Telstra. I am reading from your response—that it was a decline, but a small one, and so small as to not warrant particular action by the ACA. Would that be accurate?

**Mr Neil**—That is accurate. We continue to monitor it and it is basically following a trend where you see a decline in performance in broadly the summer months between spring and the end of summer and it generally improves in winter. That trend is followed pretty much in every state and nationally.

**Senator ALLISON**—How does that sit with the assurances that the ACA gave, not that long ago, I understand, that urban faults, for instance, would be improved—

**Mr Neil**—Yes, statements—

**Senator ALLISON**—Excuse me.

**Mr Neil**—Sorry, I will fix it—

**Senator ALLISON**—that you would make representation to Telstra and cause some action to be taken whereby there would be an arrest in any sort of decline—not only that, but an improvement.

**Mr Neil**—Hang on.

**Senator ALLISON**—Sorry?

**Mr Neil**—I made statements to this committee or a committee of this nature in October about action we were taking in relation to the customer service guarantee on urban faults by Telstra. The customer service guarantee is basically the time taken to repair faults. At the time, Telstra's performance was running at about 82 per cent, which is historically a low level, and had run at that level for about two quarters. We had taken specific actions with Telstra—asked them for a strategy to address that issue. The then chairman wrote to Telstra. We had discussions with Telstra at a very high level. Subsequent to that, Telstra's performance has substantially improved on the CSG. For the last five quarters, its worst performance was 88 per cent; it is now averaging 90 per cent or better. For five quarters, that performance markedly improved following the action that we took.

**Senator ALLISON**—What about the decline in service reliability over the last three months?

**Mr Neil**—As you pointed out, the performance in the last quarter, in the second half of the year, on the network reliability framework, which is basically a measure of the number of faults that are occurring, has been lower.

**Senator ALLISON**—What representation have you made to Telstra following those results?

**Mr Neil**—No specific representation. As I said before, if you look at the two years, the performance is following a pattern that is similar to last year. Admittedly the performance is below, though I would say at this stage not at a level that you would get overly concerned about. The differences could be attributable, for example, to the breaking of the drought. For example, I looked more closely at Queensland figures. Certainly Queensland, for example, about which your colleague Senator Cherry raised similar sorts of issues as you have for Victoria, has experienced wetter weather in 2003-04, which would perhaps explain the greater degree of faultiness in the network there. Even so—

**Senator ALLISON**—Did you invite Telstra to tell you whether that was the cause or not? What interaction have you had with Telstra to assure yourself that this might be the reason?

**Mr Neil**—We have been doing our own independent research on what these issues might reveal. As I was going on to say, if you look at the network in Queensland, basically between the months of April and September, almost without exception, it performs at better than 99 per cent on this measure. It obviously performs and has performed worse in the wetter seasons, which, knowing what Queensland weather is like, by reputation anyway, is not necessarily unusual.

As I was discussing with Senator Conroy before, the question we are trying to get a handle on is: should the network be impacted on as greatly as it is by these variations in weather? The approach we are taking is not to look at it nationally or on a statewide basis, but to focus more closely on what we call fault service areas, which are generally smaller geographical areas in Telstra's network. We are paying particular attention to performance in some areas of regional New South Wales and in the Northern Territory Top End where, for example, if you

look at the level 1 data—which is published by Telstra on a monthly basis, by us on a quarterly basis, at least, and on our web site more regularly—there are a number of smaller geographical areas than statewide which appear to be performing at a somewhat lower level.

We have been discussing an approach with Telstra to see whether we can understand better why some of these places, which on the face of it do not have characteristics massively different from others that perform a bit better. For example, we are looking at the Northern Territory Top End, which has a lower level of performance than some other areas of similar climatic and geographical conditions.

**Senator ALLISON**—So they cannot blame the rain.

**Mr Neil**—There is rain and there are storms and lightning, but it is a question of degree.

**Senator ALLISON**—What is the prognosis for the next quarter? Are we going to see an improvement or will there be a further decline?

**Mr Neil**—As I said before, this is the period classically where they perform least well on CSG and NRF data, so their performance is likely to continue at lower levels. Given my own experience in Melbourne recently, I expect they have not had a great month in Melbourne and, because of the size of Melbourne, the impact of that on the network will be quite significant.

**Senator ALLISON**—When can we look forward to some improvement in the overall performance?

**Mr Neil**—On a national basis, in part it will depend on climatic conditions. As the chairman mentioned in response to an earlier question, the network reliability framework is aimed, through level 2 and level 3 activities, at improving services on a smaller scale basis. Level 3 makes sure that people on an individual basis do not get an unacceptable level of service.

**Senator ALLISON**—You are happy with an overall decline as long as we bring up some of the more poorly performing regions?

**Mr Neil**—No, I am not saying I am happy with an overall decline at all. It is not clear that there is an overall decline and, as I said, the—

**Senator ALLISON**—There has been a decline in the last quarter and you expect another decline in the next quarter.

**Mr Neil**—Yes, but as I said that is part of a seasonal pattern. I would expect to see improved performance in the following two quarters if it follows the pattern it has in the last two years. I can show you the graphs. They are quite classic. And that is a similar experience to what we have seen in seven or eight years of CSG data: they seem to have a tougher problem in the summer months.

**Senator ALLISON**—So when you look at the overall 12-month period to compare 2005 with 2004, you would expect there to have been an overall improvement and not an annual decline as we have seen in 2004?

**Mr Neil**—I do not know that there was an annual decline in 2004. What I said before was that in the first half of 2004 the performance was tracking somewhat above that of 2003. In the second half, it performed somewhat below. Overall, there is not a significant change. If



you look at the annual performance report, the CSG fault numbers went from about 803,000 in 2002-03 to 814,000 in 2003-04, which is hardly a significant change. It is pretty static. I agree that that fault rate will have gone up.

**Senator ALLISON**—What we are looking for is improvement, surely.

**Mr Neil**—Desirably, yes. But, as I said, there are any number of reasons why you might not see an improvement one year on another. As we get more data on this, we will get a better picture of how the network performs and whether it is declining.

**Senator Kemp**—Chair, Dr Horton has some more information for the committee about the sale of ACA land in Townsville, which was discussed earlier.

**Dr Horton**—I would like to read an extract from a letter I wrote to the Minister for Communications Information Technology and Arts on 24 December 2004 about this matter:

The ACA investigated the potential for a priority sale before commencing the current process. Priority sales, which involve a direct sale to a purchaser without a market process, are allowed in certain circumstances. Those circumstances are:

1. where there is a former owner entitlement as defined under the Lands Acquisition Act—owner is to be given the right of first refusal at full market value;
2. where sale to State or Local Governments would facilitate other Commonwealth or co-operative policy initiatives, or would protect other Commonwealth property interests—sale to be negotiated on the basis of the highest price possible given the intended end-use; and
3. where Commonwealth funded organisations seek special consideration in the disposal of surplus property and have the support of the relevant portfolio Minister and the Minister for Finance and Administration—sale is to be negotiated on the basis of intended use.

The ACA does not believe that any of the requirements for a priority sale are met in relation to the Property.

**CHAIR**—That concludes our examination of the ACA. Thank you for appearing; we will see you again in May.

**Proceedings suspended from 12.59 p.m. to 2.01 p.m.**

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

**CHAIR**—I welcome Dr Badger, Dr Hart and the other staff from DCITA. We will begin with DCITA output 3.1, followed by 3.3, 3.4 and 3.5.

**Senator LUNDY**—Turning to HiBIS to start with, how much money has been spent on HiBIS to date?

**Ms McNally**—Total claims that have been paid to date are \$13.8 million.

**Senator LUNDY**—Is that in line with the budget forecasts?

**Ms McNally**—In terms of the total proposed expenditure?

**Senator LUNDY**—Yes.

**Ms McNally**—It is slightly slower than what we originally expected, but it has been ramping up quickly over recent weeks.

**Senator LUNDY**—Just looking at the original answers to questions on notice, the expenditure against the 2004-05 financial year for HiBIS was \$52.34 million.

**Ms McNally**—That is correct.

**Senator LUNDY**—With \$13.8 million so far. Do you anticipate reaching the \$52.34 million for the financial year 2004-05?

**Ms McNally**—Yes, we do. We have been seeking regular forecasts from the various providers that we have on board. Our estimates to date are that we will be on track.

**Senator LUNDY**—How is that trend developing, given that it is now February?

**Ms McNally**—Prior to the end of the last calendar year, we were on about \$5 million expenditure. Just in January alone we spent in excess of \$7 million, and the trend is increasing each month in terms of forecasts.

**Mr Cheah**—Senator, as you heard from Telstra, Telstra has now ADSL enabled a lot of its exchanges. The way the payment process works is Telstra gets paid for that only once they actually sign up real customers. So, now that Telstra has enabled a lot of those exchanges, we can expect them to take up and actually start signing up customers quite quickly, I think. It is certainly the kind of thing which has been going on and the reasons why those estimates from the carriers are sounding so promising.

**Senator LUNDY**—How many providers are registered with HiBIS?

**Ms McNally**—Twenty-seven.

**Senator LUNDY**—Can you provide the committee with a full list and the amount of money allocated against each provider to date?

**Ms McNally**—We can.

**Senator LUNDY**—As you said, we heard Telstra had been allocated some—I think they corrected their original answer—\$5.8 million which they have received under HiBIS.

**Ms McNally**—\$8.8 million to date.

**Senator LUNDY**—They may have said five and then corrected it to eight. How much have Optus received to date?

**Ms McNally**—They have not received any. They have not made any claims either.

**Senator LUNDY**—They have not made any claims?

**Ms McNally**—No.

**Senator LUNDY**—Why is that?

**Ms McNally**—They tell us they have connected only a handful of people so far.

**Senator LUNDY**—Does that concern you?

**Ms McNally**—It interests us. We have been talking to them about some of those issues. They have some focus on trying to get small businesses on board. They are also focusing on a wholesale aspect, so they are actually supporting some other providers.

**Senator LUNDY**—Have any carriers or carrier service providers lodged complaints about the operation of the HiBIS scheme?

**Ms McNally**—We have had six complaints. Those complaints were received in August and September last year. We have not received any complaints since then.

**Senator LUNDY**—What was the nature of those complaints?

**Ms McNally**—They largely related to understanding some of the checking arrangements in relation to what people's eligibility would be.

**Mr Cheah**—That was right at the very beginning of the scheme, so it is perfectly understandable you would have some questions being asked at that stage of the program.

**Senator LUNDY**—What proportion of HiBIS funding to date has been allocated to Telstra?

**Ms McNally**—About 64.73 per cent.

**Senator LUNDY**—Of moneys expended to date?

**Ms McNally**—That is right.

**Senator LUNDY**—Is there a cap on the amount that could go to Telstra?

**Ms McNally**—Sixty per cent in any one annual year, one financial year.

**Ms Holthuyzen**—To any provider.

**Senator LUNDY**—I think we all know it was designed to cap Telstra's access to the scheme.

**Mr Cheah**—Although in practice, if the other providers were not spending up to within their annual allowance, it is possible that a provider could go over that cap. It would be in only the circumstances where the other providers were collectively under the remaining 40 per cent—

**Senator LUNDY**—When did you make that rule?

**Mr Cheah**—We built it into the program guidelines right at the very beginning. The reason for that is obviously we do not want to have people missing out on broadband services just because of the—

**Senator LUNDY**—I am presuming at this stage you will not have to draw on that provision. But, if Telstra is so far accessing 64 per cent and the next biggest carrier, arguably Optus, has not made a claim, what does that tell you about the functioning of the scheme?

**Ms McNally**—A number of other providers have made claims. Five million dollars out of that \$13.5 million or so that has been expended have gone to other providers. At this stage we are in active discussion with providers and we are watching the scheme closely.

**Senator LUNDY**—Last week the minister said there were 5,700 HiBIS customers—I suppose 'customers' is the right word. Is that in line with forecasts?

**Ms McNally**—The number of people we expected to connect in the first year was between 20,000 and 25,000, so it sits within the amount expended; and, as I said, things are ramping up.

**Senator LUNDY**—Do you expect to meet that target of 20,000 to 25,000?

**Ms McNally**—Yes, we do.

**Senator LUNDY**—What proportion of those numbers are ADSL, satellite or cable?

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

**Senator LUNDY**—Can you give me a general idea?

**Ms McNally**—I have an idea. As the majority of services have gone out through Telstra at this stage, a large proportion would be ADSL. Telstra have advised that they have connected 2,000 satellite services.

**Senator LUNDY**—So out of their—what was it?—8.8 million—

**Ms McNally**—Dollars.

**Senator LUNDY**—How many people have Telstra connected out of the 5,700 figure?

**Ms McNally**—About 3,700.

**Senator LUNDY**—I am looking for a breakdown of those numbers between cable and satellite but also across all of the providers as well.

**Ms McNally**—Okay.

**Senator LUNDY**—Is the department monitoring broadband prices in regional Australia?

**Ms McNally**—Yes, we are.

**Senator LUNDY**—Can you provide that information to the committee?

**Ms McNally**—Yes, we can.

**Senator LUNDY**—Are you satisfied that the HiBIS subsidisation is not artificially keeping broadband prices high in rural and regional areas?

**Ms McNally**—The prices have dropped quite significantly since we started the scheme. Some providers are now offering a \$29.95 per month service. So we are getting quite a bit of drop. A number of providers are reregistering their products and dropping their prices quite a bit.

**Senator LUNDY**—Have you observed any change in the regional pricing of ADSL, given that some companies, including Telstra, have engaged in discriminatory pricing models for regional ADSL in the past?

**Ms McNally**—We are seeing a drop in ADSL prices.

**Senator LUNDY**—It has been previously identified that there was a differential rate for ADSL services in regional areas for no other reason than their being regional. Is that still the practice of some carriers, or has that been removed?

**Ms McNally**—The ADSL products are also dropping as well. The drops that we are seeing are right across the board, across all the technologies.

**Senator LUNDY**—I know that, but it is this discriminatory feature underlying the costing of regional versus metropolitan ADSL products.

**Ms McNally**—There is actually better pricing in some of the Telstra services. For example, now in regional Australia they are offering a \$29.95 product and a \$39.95 product for a 500 megabit usage per month, whereas in metropolitan Australia I think it is still at \$39.95 for a 300 megabit usage. So at this time they have got a better product in regional Australia.

**Senator LUNDY**—So you do not think there is price discrimination persisting?

**Ms McNally**—No.

**Senator LUNDY**—We look forward to getting your data on broadband prices in regional areas. How much money has been spent on promoting HiBIS to date?

**Ms McNally**—Promotion of HiBIS is occurring through a number of ways. The providers themselves that are promoting HiBIS are required, as part of being a registered HiBIS provider, to promote the scheme as part of their product promotion. It has also been occurring as part of our community information campaign that has been going on for close to a year now.

**Senator LUNDY**—How much money has been spent on advertising the HiBIS scheme?

**Ms McNally**—I would have to get you that figure.

**Senator LUNDY**—Take that on notice.

**Ms McNally**—Yes.

**Senator LUNDY**—Was that included in the original \$108 million budget?

**Ms McNally**—No, that money is not being spent on promotion. The money that is being spent on promotion is coming out of the community information campaign, and it is one element of an overarching campaign.

**Senator LUNDY**—Is the department taking any initiative to ensure that a range of service providers access the HiBIS scheme and that not just Telstra dominates it, which I think everyone anticipated and has come to pass?

**Ms McNally**—Yes. Workshops have been held in the past. We make information readily available. We also promote the scheme and invite a number of internet service providers as part of our regional broadband briefings that are occurring at present.

**Mr Cheah**—I think the fact that we have 27 registered providers is pretty reasonable testimony to that. Those include quite a few regional ISPs. In fact, they have been some of the most enthusiastic people taking it up. We have also found that during some of the regional briefings we have been having—a lot of the localised ISPs tend to come to those briefings—often they get really quite interested and then follow things up. Of course, when they are applying we would obviously be giving them advice along the way and, depending on the kind of organisation we are dealing with, help them along.

**Senator LUNDY**—One of the features of HiBIS is of course that carriers get the funding after they have made the installation of the ADSL equipment. Have you had any complaints regarding non-Telstra carrier access to exchanges or RIM units in the network in order to install DSLAMs?

**Ms McNally**—No, we have not had any complaints.

**Senator LUNDY**—So you are satisfied that that is all happening smoothly?

**Ms McNally**—To the best of our knowledge.

**Senator LUNDY**—Is CCIF on track in terms of proportion of expenditure against the original allocations?

**Mr Besgrove**—Yes.

**Senator LUNDY**—What about the \$50 million to target metropolitan broadband black spots over three years? Can someone fill me in on that program?

**Mr Cheah**—That is actually a government commitment. No announcements have been made about that yet in a budget context. So that would be an issue for the budget.

**Senator LUNDY**—So, even though that announcement was made during the election, there is nothing in the additional supplementary estimates to fund that? You are waiting for the budget?

**Ms Williams**—That budget would start next financial year, so it would come up in this coming budget.

**Senator LUNDY**—Are you able to provide any information about how those black spots would be identified?

**Ms Williams**—That is currently being worked through.

**Senator LUNDY**—So they have not been identified already?

**Ms Williams**—Yes.

**Senator LUNDY**—Is there any more information about the \$300 million new broadband initiative?

**Mr Besgrove**—I believe the minister, in her speech the other night, was in fact describing a global figure for the total range of initiatives which the Commonwealth government has been funding in relation to broadband, both within this portfolio and within the health portfolio.

**Senator LUNDY**—I see. It was reported as some new initiative.

**Mr Besgrove**—In effect, the other night the minister was releasing the National Broadband Strategy Action Plan, which has been posted on the department's web site. That describes the range of activities taking place at the Commonwealth government level, which I believe add up to around \$300 million.

**Senator LUNDY**—When this was reported in the media as a new initiative for broadband, did the minister take any steps to clarify whether there was in fact no new money?

**Senator Kemp**—My advice is that any journalist who asked a question of Senator Coonan's office about this money was told it was from existing money.

**Senator LUNDY**—But I am sure she was very happy with the headlines that implied there was a new commitment of \$300 million to fixing broadband.

**Senator Kemp**—She does not write those headlines. I do not know whether you, every time you are reported, feel inclined to set the record straight. The fact is Senator Coonan was

absolutely upfront and anyone who questioned this was told. Senator Coonan has always acted in an entirely appropriate fashion.

**Senator LUNDY**—So, just to make this very clear, at I think the IIA industry function—their big, swanky annual dinner—there was no new announcement, no new money, for broadband in Australia?

**Senator Kemp**—I do not know whether I can add anything more. She announced that the action plan was issued, which contained I think some \$300 million.

**Senator LUNDY**—Of preannounced initiatives.

**Senator Kemp**—Of existing money, that is right.

**Senator LUNDY**—So it is just a makeover, really?

**Senator Kemp**—I was not at this swanky dinner like you were, Senator.

**Senator LUNDY**—Actually, I was not there either. I just read about it in the press.

**Senator Kemp**—I am not even sure it was swanky. We may have to get that checked out too. But I think we have established that Senator Coonan has been absolutely upfront on this issue, as one would expect.

**Senator LUNDY**—Is this going to become a habit of the minister: to reannounce money that has been announced previously?

**Senator Kemp**—You have phrased the question in a way which implies some improper behaviour. Of course, the point I am making to you is that Senator Coonan is quite entitled to, and indeed probably should, inform people about what the government is doing. Though I am not an expert in this matter, the advice I have got, as explained, is that this is exactly what Senator Coonan did.

**Senator LUNDY**—I quote Senator Coonan:

Today I've released the Government's National Broadband Strategy Action Plan that outlines more than \$300 million of Federal initiatives to encourage the rollout of broadband infrastructure.

Doesn't that give the impression that the minister is announcing something new?

**Senator Kemp**—I would not have thought so, but that may be your judgment. All I am saying is that, if there was any doubt at all about the situation, it was certainly clarified when people phoned Senator Coonan's office.

**Senator LUNDY**—My recollection is that the national broadband strategy was originally some \$130 million-odd. Can you take on notice what the expenditure will be on the remainder of the initiatives and which department or agency she has managed to scrape it up from to make up \$300 million?

**Senator Kemp**—Senator, I do not know why you ask questions in this fashion.

**Senator LUNDY**—It is not the telecommunications department.

**Senator Kemp**—I am sure that Senator Coonan will read the *Hansard* very carefully and will supply any information that she feels is appropriate. Senator Coonan is a very conscientious minister. I am sure she will do that.

**Senator LUNDY**—She went on to say:

This funding is to encourage the effective delivery of important government services while creating new market opportunities and building the Australian economy.

This is just further reinforcing that it is some new initiative.

**Senator Kemp**—I do not think that is the case, Senator; but you have your view, and I am not sure that I can add much more to that.

**Senator LUNDY**—It does not do a lot for the minister's credibility, though: reannouncing money month after month. I know the original broadband strategy was announced at least three times in the lead-up to the last election.

**Senator Kemp**—Senator Coonan is a very credible minister. I think people have greatly appreciated the conscientious way she goes about her duties.

**Senator LUNDY**—She will not be when people read this and realise that there is not one new cent for broadband.

**Senator Kemp**—I think you are taking up the time of this committee in a quite unnecessary fashion. You have made your point. It is a political point. I do not agree with it. I am sure Senator Coonan does not agree with it. I think we should move on.

**Senator LUNDY**—I look forward to getting the responses to those questions on notice and, with any luck, in a bit less time than 10 months.

**Ms Williams**—Senator Lundy, we could give you an easy break-up of the total amount and also how it is brought together in the broadband strategy.

**Senator LUNDY**—Thank you.

**Senator Kemp**—There we are, Senator Lundy. We are always helpful.

**Senator LUNDY**—Thanks. I am conscious of the time. I would like to turn to NICTA and ask some questions about its operations. In reference to an article published in today's *Australian*, is NICTA currently meeting its performance objectives and what is the department's understanding of the implications for the organisation of the registration of or applications for patents?

**Dr Badger**—Dr Hart will outline the performance measures and the fact that NICTA has met all the requirements under the funding agreement it has with the Commonwealth. As you know, most of the documentation of that is available on the web site. I would just like to point out that there is an arrangement for administration of the Commonwealth grant to NICTA, which is what we will be talking about. That is administered jointly between us and the ARC. So all the accountability measures that NICTA has to meet are examined by both this portfolio and the DEST portfolio through the ARC.

The other issue for NICTA is that, in addition to being accountable to the Commonwealth for the Commonwealth's funds, it is also accountable to its own board. It is an incorporated company. It is also accountable to three state governments and the university partners. So there is a range of top-level accountability arrangements for NICTA. However, your major



interest is in the Commonwealth's arrangement. I think Dr Hart can outline the types of performance measures we have in place and how they are reported against and met.

**Dr Hart**— I think quite a lot of the material you would be interested in is actually available both on our web site and on NICTA's web site. Basically what happens is that the funding deed that is administered by DCITA and by the ARC requires NICTA each year to establish an annual activity plan which sets out the milestones through which they will be reporting. That annual activity plan for 2004 is on the web site. Also on the web site is their interim progress report against the annual activity plan. That covers the progress that they have made against the four main areas of the activity plan. The activity plan is structured around the four areas through which NICTA actually achieve their mission. It is structured around research, research training, commercialisation, and networks and linkages. The area that you are interested in I think is the commercialisation area, which is what was raised in the article in today's press.

**Senator LUNDY**—So what is the department's view of progress in that commercialisation area?

**Dr Hart**—The department has taken the view that NICTA has met its milestones against the objectives that were set out, the milestones that were set out, in the annual activity plan. The milestones on commercialisation go to things which are appropriate for NICTA during its establishment phase. So they do not go to outputs, if you like—things like patents. That is something that is more appropriate for the next phase, when it has reached its full operating conditions.

During the establishment phase, the milestones relate to things like having appropriate IP arrangements in place, establishing an entrepreneur in residence arrangement, assessing the opportunities for commercialisation and establishing a seed funding process. The assessment was that it had made progress against those milestones.

**Senator LUNDY**—My understanding from the article is that that next phase begins with the next financial year.

**Dr Hart**—With the next funding deed. The 2005-07 period is when you will see key performance indicators relating to that kind of indicator being established. It is what we anticipate. We are still working with NICTA together with the ARC to work to establish the next annual activity plan.

**Senator LUNDY**—So the fact that some of those patents have been applied for is a good sign that they are perhaps ahead of their schedule in some respects?

**Dr Hart**—One would assume so, yes.

**Senator LUNDY**—Can I go back to HiBIS for a second because there are a couple of questions I did not ask. Firstly, can you tell me about the granting of HiBIS funds in areas where alternative technology such as wireless solutions are available? Is that factored into the granting of HiBIS funds?

**Ms McNally**—The assessment process is based on each applicant's proposal. There is a range of technologies provided. Now we have providers providing services across all technologies. We do not make a decision based on preferential technology.

**Senator LUNDY**—So, if you were to receive an application from a carrier to install DSLAMs, do you investigate whether or not another service provider is seeking to introduce, say, a wireless service in that area before granting the HiBIS grant for the installation of ADSL services?

**Ms McNally**—No.

**Senator LUNDY**—So in effect the program could be used to displace new entrants in the market?

**Ms McNally**—One of the bases of the program is to encourage competition and to provide the best services we can for that area.

**Senator LUNDY**—So, even if that has the effect of a taxpayer subsidy helping a carrier, for example Telstra, knock competition out of that particular market, that is okay by the government?

**Mr Cheah**—Probably a better way of looking at it is in fact that it helps support everyone, including new entrants into the market. Telstra already has an offer pretty much in all HiBIS regions to supply a service. In effect, Telstra already has an offer to provide broadband services to all parts of Australia at a uniform price.

**Senator LUNDY**—No, sorry, they do not, and they have made a commercial decision not to install ADSL services.

**Mr Cheah**—It is not just via ADSL. They have a broadband product, but it will be using different technologies. They have a satellite product. They have another product—I think it is called Bigpond Broadband Regional Connect—which uses ISDN one way and satellite download the other way. They also have ADSL. What I think came out of the Telstra evidence last night was that they are going to be progressively changing that technology mix over the course of the program. ADSL take-up will probably increase, but they already have an offer to provide services using these current technologies now.

**Senator LUNDY**—I think, Mr Cheah, you have gone a little bit off the track of my question. The big question I really want the department to answer is: do you pay any attention to competition related issues in the allocation of taxpayer funds to subsidise carriers installing broadband equipment or not?

**Mr Cheah**—That was Ms McNally's answer before. I think the entire program is premised on an approach of trying to be neutral towards competition, if anything, encouraging efficient competition in terms of supporting a market based approach.

**Senator LUNDY**—So it is first in, best dressed?

**Mr Cheah**—No, not at all. The point of my answer about Telstra was to say Telstra is already there. If any other provider comes along in any other region or set of regions, it can also become a registered provider; and that is exactly what has happened.

**Senator LUNDY**—In the same area?

**Mr Cheah**—Yes.

**Ms McNally**—We now have seven national providers providing services nationally, and we have service providers at a local level. We now have 17 other providers seeking registration, and the numbers just keep going up. We are expected to have about 30 by the end of this financial year, and it looks like we will far exceed that. So what we are doing is trying to promote a number of service providers and trying to introduce as many players into the market as we can.

**Mr Cheah**—Just as an example, our third biggest provider we are giving money to is a company called BorderNET. Carolyn can correct me if I am wrong, but I think they are based in and around Albury. So Telstra have a general national offer, and they will be providing services to people in Albury. BorderNET have come along and become registered as a provider. It allows them as a regional ISP to be able to effectively compete against the Telstra services in the region and get HiBIS subsidies. If any other provider wants to come into that Albury region, good luck to them. The HiBIS program will support that in a competitively neutral fashion.

**Senator LUNDY**—What has the department done to assist non-Telstra carriers get access to network information necessary to find out, for example, the proportion of customers they could service on the copper network, given the presence of pair gains in rural and regional areas? Do they have equal access to that network data?

**Ms McNally**—Yes. We actually have that data accessible through our tel:info web site, and also Telstra has made that data accessible.

**Senator LUNDY**—I am conscious of the time, so I had better move on. Could I also place on notice a breakdown of HiBIS money spent by federal electorate boundaries, and I will place other questions on notice.

**Ms Holthuyzen**—The ACA has just given me the number for the IAP, which I think you asked for earlier, so I thought I would pass it on to you.

**Senator LUNDY**—Thank you. Please read it out nice and clearly.

**Ms Holthuyzen**—1800427457.

**Senator LUNDY**—Thank you very much.

**CHAIR**—I thank the department for their appearance today. Sorry to have kept you waiting so long. We look forward to seeing you in May.

[2.32 p.m.]

#### **Australia Council**

**CHAIR**—I welcome Karilyn Brown, Jenny Bott, Catherine Brown-Watt and Megan Coombs. It is very good to have you here again.

**Senator CARR**—I welcome the officers. I am sure we will get to know each other a lot better over the coming period. I might begin with some discussion about the restructure of the Council that is under way. What is the total cost of the restructure?

**Ms Bott**—The implementation of the restructure we are anticipating will cost exactly the same as the current operations of the Council. There have of course been some costs associated with the process itself.

**Senator CARR**—Let's just go through that. What are the costs?

**Ms Bott**—Of the review?

**Senator CARR**—Yes.

**Ms Bott**—Of course they are not finalised at this point. We have been very lucky to have the pro bono donations of the entire task force members. Of course, when the final plan is endorsed at the April meeting of the Council, then we will be able to finally assess some of the additional costs. We have had some assistance from two consultants, one in the development of the task force, one in the implementation. Of course, there will be some costs associated with hiring new staff and retrenchments et cetera.

**Senator CARR**—It is put to me that it is the better part of a million dollars. Can you confirm that?

**Ms Bott**—It is probably close to that, although not finalised at that—

**Senator CARR**—The figure I have is \$980,000. Is that true?

**Ms Coombs**—That is probably a ballpark—

**Senator CARR**—Can we get a breakdown, please, of that \$980,000?

**Ms Coombs**—Certainly. At this point, and again we are talking about ballpark figures—

**Senator CARR**—If you could speak up. I am a little hard of hearing.

**Ms Coombs**—The redundancy component of the costs we currently estimate to be around \$450,000. That includes accrued leave payments, which are not a direct expense of this, obviously. We have estimated some costs around transitional issues of around \$300,000.

**Senator CARR**—What are the transitional issues?

**Ms Coombs**—For example, transitional staffing costs—if we have to double up, for example, on staff for particular issues. We have estimated \$100,000 for an implementation project manager; for legal and human resources advice, about \$50,000; recruitment costs, about \$16,000; some communications support costs, \$40,000; and some costs associated with the reprint of our *Support for the Arts Handbook*, about \$20,000.

**Senator CARR**—Has any research work been commissioned?

**Ms Bott**—During the period of the task force's work we had a consultant working with us who pulled together, for example, materials on other cultural agency models as well as conducting the consultations with our staff and others. I am not sure whether you categorise that as research, but certainly there were some costs associated with that.

**Senator CARR**—Is that cost included in here?

**Ms Coombs**—No, that was separate.

**Senator CARR**—How much is that?

**Ms Coombs**—By the time the role is completed, we estimate it will be \$148,000.

**Senator CARR**—That is for the two consultancies or for the one?

**Ms Bott**—That is the one.

**Senator CARR**—Did you say there were two?

**Ms Bott**—Yes. Ms Coombs mentioned in the list she already gave you that the implementation manager was \$100,000. So all of that is within that total figure—

**Senator CARR**—So it is about \$1.28 million?

**Ms Bott**—No. Megan, the total is?

**Ms Coombs**—I am just adding it up.

**Senator CARR**—We had \$980,000 plus \$148,000?

**Ms Coombs**—Yes, that is right.

**Senator CARR**—So that puts it up where I was saying.

**Ms Coombs**—Yes.

**Senator CARR**—There were only two consultants?

**Ms Coombs**—Yes.

**Ms Bott**—The rest was pro bono, as I mentioned.

**Senator CARR**—What were the names of the consultants?

**Ms Bott**—JML is the name of the company that is the implementation manager, and the primary person involved is Martin Baird. The consultant who worked with us during the work of the task force was Duncan Peppercorn.

**Senator CARR**—Which one was the \$148,000?

**Ms Bott**—Duncan Peppercorn.

**Senator CARR**—How much was the JML consultancy?

**Ms Bott**—We have allowed for \$100,000 in the budget. This is including future costs, I hasten to add. This is not costs to date.

**Senator CARR**—What was the duration of their engagement?

**Ms Bott**—Duncan Peppercorn has worked with the task force since May 2004. His contract with us will expire at the end of February this year. JML was contracted in December and will also, we believe, finish at the end of March.

**Senator CARR**—So it was December to March?

**Ms Bott**—December to March.

**Senator CARR**—\$100,000?

**Ms Bott**—Yes, but it is not just him. It is JML consulting. So it involves HR support and a range of other people. It is the contractual obligations to a company that is assisting us with the implementation of the research over a four-month period.

**Senator CARR**—What did you originally estimate the cost of the restructure would be?

**Ms Bott**—We thought it would be around \$900,000 to \$1 million.

**Senator CARR**—So you have always anticipated it would be around the \$1 million mark?

**Ms Bott**—We saw it as an investment in the long-term restructuring of the Council—so it is more than a one-year cost—that we would write off over a number of years.

**Senator CARR**—It is a little higher than you anticipated, then?

**Ms Bott**—Very slightly, by \$148,000.

**Senator CARR**—Why did you have to pulp the 2005 handbook?

**Ms Bott**—We have not pulped the 2005 handbook.

**Senator CARR**—Didn't you say to me that part of the cost was for \$20,000?

**Ms Coombs**—Yes. The 2005 handbook for our grants program is about to be released, and that is based on our existing structure and grants programs. We will obviously need to make some amendments to that, and we will have to re-release a version of the handbook.

**Senator CARR**—Was there a pulping of any of the handbooks?

**Ms Coombs**—No.

**Senator CARR**—So the \$20,000 for the handbook is just a rewriting, is it?

**Ms Bott**—Yes. It is for printing of a new handbook for the new structure effective 1 July.

**Senator CARR**—So there was no old handbook printed?

**Ms Bott**—Yes.

**Senator CARR**—There was?

**Ms Coombs**—There is the current handbook being printed.

**Senator CARR**—When was that printed?

**Ms Coombs**—It is currently being printed for 2005.

**Senator CARR**—So what is the print run of the one that is currently being printed?

**Ms Coombs**—I am not sure. I would have to take that on notice.

**Ms Bott**—Fifteen thousand copies.

**Senator CARR**—What was the cost of production?

**Ms Bott**—Could I just clarify that we always have an annual handbook. This restructuring has meant that we have two six-month handbooks. That is basically what has happened. That is what the additional cost of \$20,000 is about.

**Senator CARR**—So the current handbook will expire at what point?

**Ms Bott**—30 June.

**Senator CARR**—It has not been distributed yet, has it?

**Ms Bott**—It is up on the web site as of this week, and the hard copies will be available within a couple of weeks to take our clients up until 30 June. Then we will have a new

handbook, which will be produced after the final sign-off by the Council in April on the restructuring.

**Senator CARR**—So it is a very limited life expectancy?

**Ms Bott**—Yes. It is half the usual life expectancy.

**Senator CARR**—Is there any difference between the restructure and the current costs of the CCDB?

**Ms Bott**—The operating costs of the Council from the old structure to the new structure will be the same. This was not done as either a staff-cutting or a cost-cutting exercise.

**Senator CARR**—What is the cost of the new appointments that you are making? Are they part of the staffing costs you have given me?

**Ms Bott**—The only additional costs are in recruitment and retrenchment, which Ms Coombs mentioned to you. In terms of the cost of a new staffing structure, there are slightly fewer jobs at a slightly more senior level in general. So the costs are the same.

**Senator CARR**—Is it right that a number of people have recently left the Council?

**Ms Bott**—No. We have had two resignations from the CCD staff.

**Senator CARR**—Not 10?

**Ms Bott**—Not 10, no.

**Senator CARR**—Why did those people leave? I suppose you cannot tell me whom they are, can you? Who has recently left?

**Ms Bott**—There are two resignations from the current CCD staff—Bernice Gerrand, the manager; and Sam Chester, also a member of the staff.

**Senator CARR**—Did they give reasons?

**Ms Bott**—I think that is confidential.

**Senator CARR**—Is it?

**Ms Bott**—Yes.

**Senator CARR**—When did the actual process of the restructure start? At what point would you say the process started?

**Ms Bott**—Could you repeat the question, please.

**Senator CARR**—At what point did the process of the restructure actually begin?

**Ms Bott**—It began in May 2004, when the Council decided to establish a task force to look at our future planning as an organisation.

**Senator CARR**—Were there discussions with the department back in March?

**Ms Bott**—No. You mean about the future planning task force?

**Senator CARR**—A restructure, yes.

**Ms Bott**—Not that I recall. It was definitely generated by the Council itself and its desire to look at our new corporate plan, given that our current corporate plan is coming to an end.

Also, we have begun a new triennial period of funding and it seemed to us that it was a good period to actually look at the long-term future of the Council. I can give you the terms of reference for the task force, if you would be interested.

**Senator CARR**—Thank you. I would appreciate it if you could, please.

**Ms Bott**—Yes.

**Senator CARR**—Can you give me the documents explaining the change that were presented to the Council?

**Ms Bott**—No. The documents that were presented to the Council were an internal report to Council members, but the terms of reference I can certainly share with you. They are:

— how the Australia Council should best organise itself to effectively and efficiently support disparate art practices and develop strategies to advance art in Australia

Secondly:

— what the strategic focus for the Australia Council should be over the next 5+ years to ensure maximum positive impact in the sector.

**Senator CARR**—When did the consultations with the sector begin?

**Ms Bott**—The task force used of course its own extensive knowledge of the sector, given that the people that are on the Council are chairs of boards and leaders in their own right of the arts sector. We also did extensive consultation with the staff of the Australia Council in reviewing the current way in which we are operating and the needs of the future, as well as doing research into other models et cetera. The Council, when it signed off and endorsed the recommendations of the task force in December, then began a period of consultation. We are in the middle of that process right now not only with our staff, which is within the terms of our certified agreement, but also with the arts sector and in particular the affected areas. That process will continue until the end of March.

**Senator CARR**—The decision was taken by the Council in December. The consultation that took place prior to that was entirely within the task force itself?

**Ms Bott**—And the Council itself. The task force consulted extensively with other Council members and with Council staff. We did not start off with a view of restructuring. We started off with a review that was designed to test how effectively the Council was operating and, as I mentioned before in relation to the terms of reference, how we could be better structured to be more efficient and effective. So we did that. The Council has extensive arts leadership on its own council, as well as our 150 staff who are very skilled and experienced in the area.

**Senator CARR**—But essentially it was in-house, within the task force?

**Ms Bott**—Yes.

**Senator CARR**—There was no discussion with the sector?

**Ms Bott**—We see this as being how the Council itself can be more effectively organised to serve our stakeholders well.

**Senator CARR**—But I can be clear about this, can't I?—there was no discussion outside of the task force and the Council?



**Ms Bott**—That is what is happening now.

**Senator CARR**—I understand that. What I have here is what purports to be the Council's information package from 8 December. That is the date on which the decision was made?

**Ms Bott**—The date of the Council meeting was 7 December.

**Senator CARR**—This is information prepared by Maniaty media?

**Ms Bott**—Tony Maniaty.

**Senator CARR**—That is one of the consultants you referred to?

**Ms Bott**—Tony Maniaty is our former communications manager and has an ongoing contract. He is not a specialist consultant associated with this.

**Senator CARR**—Can I add him to the list of costs for this?

**Ms Bott**—It is already included in the costs that Ms Coombs gave you.

**Senator CARR**—So he got \$40,000 for this work?

**Ms Coombs**—For a range of work, not just that document.

**Senator CARR**—What is the range of work that he did?

**Ms Coombs**—I would have to take that on notice and come back to you, but it is not just that document.

**Senator CARR**—This is using material inputted from Duncan Peppercorn and Fiona Poletti—is that right?

**Ms Bott**—Yes.

**Senator CARR**—Is that former Senator Alston's staff member? Is that the same one?

**Ms Bott**—Yes.

**Senator CARR**—A Mark Stafford?

**Ms Bott**—Who is our current communications manager on the staff of the Council.

**Senator CARR**—Correct me if I am wrong, but these documents are questions and answers about how to deal with difficult problems in terms of staff and the like. So these are suggested answers to possible questions that arise. The game plan is pretty well spelt out here, isn't it, in these documents? Would that be a fair description?

**Ms Bott**—I am not sure what you mean by 'game plan'.

**Senator CARR**—For instance, one of the questions you might be asked is:

Since you are saying the organisation at present is only proposed, who do you plan to consult with and how long will the consultation processes take?

That is also the sort of question I asked you before. The answer is:

It is not proposed. The council has formally agreed to the changes, so they are beyond proposals. They have been decided by the council's governing body. The next step is to list the comments of staff and others on matters of substance, for example, if we have missed something critical we need to know about or good reasons why some aspects of the plan need to be revised in any way.

The fact is that the decisions were taken on 7 December and then you were going to consult; isn't that what happened?

**Ms Bott**—No, that is not correct. If I could just restate it. The council endorsed the recommendations of the planning task force and then proceeded to move into consultations with the staff and the sector, originally anticipated to be until the end of January. Since then we have evolved our approach, which has changed quite considerably because, firstly, we have extended the consultation period to the end of March and, secondly, we have had a number of public and also invited workshops with leaders in the CCD sector which have changed the way in which we believe the models for the future functioning of CCD and new media will take place.

We have now formally invited people for workshops with the task force this coming Monday. So, in other words, the broad framework for the changes has been endorsed by the Council, but the detail of how the models will work are still being worked through hand in hand with the sector. The draft models, as a result of those consultations next Monday, will go on our web site on 23 February. We will then seek extensive public feedback from 23 February to the end of March. The results of all of that will go to our April council meeting, where the exact nature of the models will be endorsed by the Council. So it is most definitely an iterative process over a three-month period.

**Senator CARR**—What changes have occurred so far?

**Ms Bott**—We are tomorrow putting out a draft series of models for the way in which CCD and new media will operate, based on feedback from the sector. So a great deal has changed.

**Senator CARR**—What in particular? I am sorry, I am new to the game. You will have to explain to me what 'a great deal' is.

**Ms Bott**—We, as you would no doubt be aware, are not ending our commitment in any way to either new media or community cultural development. They remain extremely important areas of activity for the Council. We had suggested that CCD would become part of a new section called community partnerships. But the detail of the way in which that would actually work and the way we have reacted to concerns expressed in the sector about the method by which CCD would need to operate on that new platform in that new section are the sorts of things we are actually taking on board now and are in discussions with the sector about.

**Senator CARR**—The second question on the idiot sheet that I have here is:

What is the point of all this consultation? Aren't things going to happen anyway, regardless of the consultation?

That is the sort of question I have just asked you. The answer is:

The governing body has unanimously endorsed a plan developed by the task force, and management is now in charge of recommending to the Council how these changes can best be implemented.

**Ms Bott**—Yes.

**Senator CARR**—All we are talking about is the implementation; we are not actually talking about changes to any of the arrangements. That is true, isn't it?

**Ms Bott**—Implementation is a highly significant area, because that is the way in which we interact with clients and the Australian community as a whole. That determines on what basis people will work with the Council. We will support them. So that is not a minor area. That is major. The Council has made clear that it wishes to make changes to the broad framework of the way in which we operate, I hasten to add in about eight different areas, of which there has been no significant comment on other than in the areas of new media and community cultural development, which is why we have the workshops on implementation.

**Senator CARR**—Is it true to say that it was unanimous, that the Council decided unanimously?

**Ms Bott**—Absolutely.

**Senator CARR**—There were not two people who did not endorse this?

**Ms Bott**—No. It was a unanimous decision by the Council.

**Senator CARR**—You are absolutely certain about that?

**Ms Bott**—I am absolutely certain.

**Senator CARR**—Mrs Downer agreed to those, did she?

**Ms Bott**—It was an absolutely unanimous decision by every member of the Australia Council.

**Senator CARR**—Mrs Downer agreed to them?

**Ms Bott**—Mrs Downer was at the meeting.

**Senator CARR**—And she agreed to these?

**Ms Bott**—It was a unanimous decision by every member of the Council.

**Senator CARR**—Can I just take you back, though. What was the documentation given to the Council outlining the need for change?

**Ms Bott**—The task force reported at each Council meeting between May and December at least verbally and usually with some overhead projections, until the December meeting, when there was a formal extensive presentation, which was again done on overheads, with copies of those overheads given to each member of Council.

**Senator CARR**—I am sorry, I am just a bit slow on this. You are saying that there were verbal reports about the changes up until December?

**Ms Bott**—Between May and November.

**Senator CARR**—Verbal reports?

**Ms Bott**—Including presentations from overheads, but not—

**Senator CARR**—They were all verbal?

**Ms Bott**—Yes, all verbal up until the December meeting, when the full presentation was made.

**Senator CARR**—I just want to be clear about this. The task force reported verbally. Was there a report given to the Council?

**Ms Bott**—There was at the December meeting.

**Senator CARR**—A formal written document?

**Ms Bott**—It was a copy of the overhead presentations.

**Senator CARR**—That is not what I am asking you. You have engaged this task force.

**Ms Bott**—Yes, consisting of Council members.

**Senator CARR**—So there was no formal document outlining its deliberations, its recommendations and the rationale for its recommendations?

**Ms Bott**—Yes—at the December meeting.

**Senator CARR**—Is this the document that was given to you? Are these the overheads?

**Ms Bott**—I am not sure whether that is the up-to-date one. There were various iterations. It depends what the date is.

**Senator CARR**—Was there a document presented entitled ‘Australia Council Arts Catalyst—Confidential discussion draft, 7 September 2004’?

**Ms Bott**—Yes, there was.

**Senator CARR**—And this is the sum total of the Council’s deliberations based on the task force report? This is the report?

**Ms Bott**—That is not the sum total of the deliberations. We have many boxes full of work from the consultations, the discussions and the deliberations of the task force.

**Senator CARR**—I am sure you would be aware that members of parliament are being heavily lobbied by people who feel aggrieved by the decision. What they say to me is: ‘The Council is on record applauding the work of the CCDB but did not provide any rationale for why the change had to occur.’ How do you respond to that?

**Ms Bott**—I would like to respond to that by saying that we have not abolished CCD. All we have done is to move community cultural development to a different framework for its operation because we believe we need to do more, not less, in the area of community arts in Australia.

**Senator CARR**—Despite the Council clearly applauding the work of these boards, you are saying that the Council unanimously resolved to restructure without any formal written reports. Were any of the Council members able to express any reservations about this?

**Ms Bott**—We had a long discussion about the recommendations, but the Council saw this as being a very positive way of valuing the achievements of both new media and CCD and putting them on a platform which would enable us to do more, to have a greater impact in the area. So we saw it as a positive endorsement of the area, not as a negative.

**Senator CARR**—So there were no members of the Council who expressed reservations before, I understand, a consensual decision was made? Is that how it happened? There was no vote, was there?

**Ms Bott**—I do not think it is appropriate for me to talk about the internal discussions of Council, but there is absolutely no question that it was a unanimous decision by the Australia Council.

**Senator CARR**—What has been put to me is that these new arrangements highlight a view that migrants, disability communities, refugees and regional communities are not the core constituencies of the Australia Council. Is that right?

**Ms Bott**—No, that is not right. In fact, on the contrary, those of us who share those values would see this new way of the Australia Council being structured as a way of better meeting the needs of those communities you mention. Indeed, if I may pick up on what should be the strategic focus of the Council, the Council agreed on three key issues, one of which is to move towards excellent, innovative and distinctive artistic creations. The second is to move towards all Australians being engaged with and enriched by the arts. The third is to move towards a vital and viable arts sector. I think what has happened is a restatement of the Council's commitment to reaching a broader number of Australians than the CCD Board, with a budget of \$5 million, can currently.

**Senator CARR**—The fact is that you saw these boards as essentially too narrow in their work, didn't you?

**Ms Bott**—We saw them as doing a valuable job but as being primarily reactive to applications, and we believe that some of the very fine achievements and models that have been developed through CCD can actually have greater impact by having more investment in a structure which is different.

**Senator CARR**—If I can summarise what you have told me, we have a decision made with very little research—I cannot see any consultation outside the in-house discussions—after a review which essentially amounts to a PowerPoint presentation. Are you surprised—in fact, why should you be surprised—that you have such a strong outcry against the decisions?

**Ms Bott**—Of the many recommendations in this future planning document, we in fact have had very broad support for the vast majority of them. In fact the only significant feedback has been in the areas of new media and CCD and some minor comment in two other areas, all of which we are working through in the consultation process in, I think, a very constructive way. By the time we get to the end of that process at the end of March I would be very optimistic that we would actually have a model which is broadly embraced by the CCD sector and others.

**Senator CARR**—If it is so broadly embraced, why have such large meetings of artists called for a moratorium?

**Ms Bott**—I think there probably has been a lag in the information. That is one of the reasons for our attendance at such meetings—to try and educate and also to take on board feedback in the sector. It is part of the consultation process and one we are happily engaged in.

**Senator CARR**—Do you anticipate the board will consider these requests for a moratorium?

**Ms Bott**—The task force has already stated publicly that we are not going to have a moratorium. We are going to embrace the process that I outlined before, which is the workshop this coming Monday with the task force and then the models being put out for feedback over the ensuing six-week period.

**Senator CARR**—That is what the script said was going to happen, wasn't it? It did not really matter about the consultations because the decision has been made.

**Ms Bott**—No. That is not true. Things have moved on quite considerably since that document. Not only has the consultation period been extended by two months but the workshops that I described were not flagged as were a number of other changes to the model which is being distributed.

**Senator CARR**—Senator Kemp, you have powers of direction with the Australia Council. Have you considered using them given the outcry there has been about the restructure?

**Senator Kemp**—Senator, let me make a couple of comments. I think this is the first question you have asked me in your new role as the shadow minister for the arts.

**Senator CARR**—Get used to it. There will be plenty more.

**Senator Kemp**—I am sure there will be. The previous shadow minister for the arts was always worried that I was intruding into the Australia Council; you appear to be worried I am not.

**Senator LUNDY**—We move with the times, Minister.

**Senator Kemp**—Let me make the point that this is a matter for the Australia Council. The Australia Council, under Jenny Bott, has decided to have a significant restructure. It is clearly one that I am looking at carefully. People have come to speak to me about it, but I have no plans to intervene.

**Senator CARR**—But you are looking at it.

**Senator Kemp**—I think I have a reputation of being a minister who is accessible and that, if people want to come to a talk to me, typically I say yes. So I have had meetings with people and I dare say I will continue to have meetings.

**Senator CARR**—I am pleased to hear it. I wonder if I could take you to this document itself, Ms Bott. Have you got that document with you?

**Ms Bott**—Yes.

**Senator CARR**—I should make sure we are working from the same one because I would hate to have a draft that is wrong or anything. I always like to correct my information, if that is possible. On page 5, you say that the government funding model is 'unsustainable squeezed by partial indexation both for arts organisations and the Australia Council'. Have I got that right?

**Ms Bott**—You have certainly quoted directly from the top line.

**Senator CARR**—I have.

**Ms Bott**—I might just say that there are many factors that we looked at, including the fact that we have increasing demand: for example, the increasing demand for Australian art

internationally, as well as the fact that many of the models developed by CCD, if we wish to take that as an example, are unable to be replicated around Australia with the resources we have. So we see this restructuring as a way of us doing the job better.

**Senator CARR**—It uses the word ‘unsustainable’. I take it that I have quoted that correctly.

**Ms Bott**—Yes.

**Senator CARR**—‘The government funding model is unsustainable’. You have told the council that the present policy is inadequate, haven’t you?

**Ms Bott**—The council is well aware, particularly in the area of infrastructure, of the challenges of partial indexation.

**Senator CARR**—Is that the policy framework in which you are operating?

**Ms Bott**—It is the budgetary framework in which we are operating.

**Senator CARR**—I am clear about that; I understand that, and I could only agree with you.

**Senator Kemp**—I am amazed to hear that you can only agree with me, because, of course, the Labor Party—

**Senator CARR**—You agree with it too, do you?

**Senator Kemp**—The Labor Party put out an arts policy in which not only did it barely mention the Australia Council but, by my analysis, it actually cut funding to the Australia Council.

**Senator LUNDY**—It did not. Don’t make up stuff at the table, Minister; that is ridiculous.

**Senator Kemp**—Senator, there are a number of ongoing programs that are required to be funded and which, of course, were not funded under the Labor Party policy. I think if you review what you put out, effectively it amounted to a cut in Australia Council funding.

**Senator LUNDY**—No, it did not. What we did not do was wait till two days before the election and then announce every existing arts funded project in the whole of the department in the Australia Council’s policy, which is what you did.

**Senator Kemp**—Senator, what you did is you goofed; you did not actually go out and consult enough. I had to listen in, and I am sure this is not going to occur under the new shadow minister, although it may. There were a lot of comments and questions that you raised over the last three years—a tax on the government in various areas—so we looked to see how these were fulfilled in the Labor Party policy.

**Senator CARR**—What I am interested in, though—

**Senator Kemp**—No, I will just finish, Senator Carr. What we discovered was that the Labor Party did not put any new money into the Australia Council. What we discovered is that, on issues such as indexation, the Australian Labor Party policy was silent, and on the issue of ongoing programs which were to finish in the next two or three years, the Labor Party did not extend those programs. So, Senator Carr, we do not have to be lectured by the Labor Party on the Australia Council.

**Senator CARR**—I am not lecturing you. I am asking the Australia Council, who are lecturing themselves, about the inadequacy of government policy. All I can do is agree with them on this occasion when they say the government funding model is unsustainable.

**Senator Kemp**—I make the point that, if you believe the government funding was unsustainable—and clearly I can point to the increases that the Australian government has given to the Australia Council—the question is why the Labor Party did not, in its arts policy, address this issue.

**Senator LUNDY**—Just answer the question, Senator; stop wasting time.

**Senator Kemp**—And it did not. So, Senator Carr, I do not propose to be lectured by you on Australia Council funding when the Labor Party failed to give any further funds to the Australia Council.

**Senator CARR**—What I am interested in doing at this point, if I might, is asking the Australia Council about their views—not my views, not your views, because I will get a chance to ask you your view in a moment.

**Senator Kemp**—We look forward to your question. I am just making the point that you should put your questions into context.

**Senator CARR**—That is terrific. What we have here is the Australia Council trying to operate a new policy framework, a restructure, in a context where the Australia Council itself is saying that the government funding model is unsustainable. With regard to the Nugent report, do you think we are actually running out of steam there a bit earlier than you anticipated?

**Dr Brown-Watt**—I would not have said so. Perhaps you could be a bit more explicit.

**Senator CARR**—I am just wondering how the funding arrangements are going for the major arts companies. Is their funding sustainable?

**Dr Brown-Watt**—They also are challenged by partial indexation, but in many cases they are at the moment adequately able to deal with that.

**Senator CARR**—I see. That is your view—that they are perfectly able to deal with that?

**Dr Brown-Watt**—I see it in many cases. Some companies are more stressed than others.

**Senator CARR**—What organisations within the arts community would regard the present arrangements, in your experience, as being sustainable, then?

**Ms Bott**—Are you referring to the major performing arts companies?

**Senator CARR**—Yes.

**Dr Brown-Watt**—That depends—and I am not playing games—on the timeline you are looking at.

**Senator CARR**—A contemporary timeline will do nicely, like now. How many of them would say to you that the present arrangements are in fact sustainable?



**Dr Brown-Watt**—The financial results of the companies, the artistic results of the companies and their access results are, on the whole, not showing significant decline. There are exceptions to that but, on the whole, they are not.

**Senator CARR**—So the major performing arts group, for instance, would be telling you that there is plenty of money available for the major companies at the moment?

**Dr Brown-Watt**—No, I understand and, like the council, accept that there are challenges with the impact of partial indexation.

**Senator CARR**—How many of the major organisations that you fund—there is the Australia Council—are in financial difficulty?

**Dr Brown-Watt**—My recollection from the 2003 audited figures—and I would have to confirm this for you—is that five or six of the 29 did not achieve a break-even or better result.

**Senator CARR**—Are you able to name those for me?

**Dr Brown-Watt**—Off the top of my head, there were several orchestras within that and, no, I would have to check the details.

**Senator CARR**—So the Adelaide Symphony Orchestra?

**Dr Brown-Watt**—Yes, that would be one.

**Senator CARR**—The Queensland—

**Dr Brown-Watt**—The Queensland Symphony Orchestra, yes.

**Senator CARR**—Would you say the West Australian Symphony?

**Dr Brown-Watt**—No. That would have made a surplus last year.

**Senator CARR**—The Sydney Dance Company?

**Dr Brown-Watt**—With regard to the Sydney Dance Company, I repeat that, on the 2003 audited accounts—because we do not yet have the 2004 accounts; we receive them in about a month—they would have been okay.

**Senator CARR**—The Queensland Ballet?

**Dr Brown-Watt**—The Queensland Ballet are okay as well.

**Senator CARR**—They are okay, are they?

**Dr Brown-Watt**—Yes.

**Senator CARR**—And the State Theatre Company in South Australia?

**Dr Brown-Watt**—I would have to check. I am perfectly willing to go and get you a list of the ones that were in deficit.

**Senator CARR**—That would be helpful, but I do not want to put you to any difficulty on that. If five or six are not breaking even, what is the projection for those five or six? Do they anticipate that they will be able to break even?

**Dr Brown-Watt**—In most cases over the four years, to date, of implementation of the major performing arts inquiry, we have had anything between two and five or six companies that have not broken even or made surpluses. They have not consistently been the same

companies, with the exception of a couple of the orchestras. So, in one year, companies have not done as well at the box office, for example, or not done as well with private sector support but have been recovered in the next year. I can track it for you.

**Senator CARR**—Thank you very much. Have you sought additional funding from the government for any of these companies?

**Dr Brown-Watt**—No. The state funding agencies that partner us in supporting these companies have a policy of working with the companies to try to work them through such problems, and in many cases we have managed to do so.

**Senator CARR**—You make the point in your presentation here that grants are being spread increasingly thinly. Have I understood that correctly?

**Ms Bott**—Yes, although I think that comment would apply across the council's programs, not simply the Major Performing Arts Board, which is a more structured funding environment.

**Senator CARR**—Have you undertaken any research in terms of the council's work on the question of the financial viability?

**Ms Bott**—Significant research is done annually by the council, not just as part of the future planning process—for example, the small to medium study. There has been a recent review of theatre companies—Young People's Theatre and a dance review—so we are very aware. In its last internal budget, the council made some rearrangements in order to meet the needs of the small to medium sector, and part of our annual budget review process is to look at where we should be putting our resources.

**Senator CARR**—So, specifically on the question of financial liability, do you have any separate work done?

**Ms Bott**—Yes. The small to medium study and the Roberts report on the theatre sector would be the main ones and the David Fishel review on the dance sector.

**Senator CARR**—Are those available?

**Ms Bott**—Yes, they are.

**Senator CARR**—Can I have those?

**Ms Bott**—Yes.

**Senator CARR**—Thank you.

**Ms Bott**—Let me add that significant work has been done through the Myer report into visual arts and crafts, which was also about the viability of infrastructure in the visual arts area, amongst other issues.

**Senator CARR**—Given the financial state of the sector, what support have you received for these restructured proposals?

**Ms Bott**—Do you mean from the government?

**Senator CARR**—No, from the sector.

**Ms Bott**—We have had many informal and formal commentaries that have been positive about the restructuring. Is that what you are asking?

**Senator CARR**—It has been put to me that there is unanimous rejection across the sector of these restructure proposals. This is your chance to tell me why I am wrong—why the advice which is coming to me, and which I am putting to you, is wrong. What is the evidence of support within the sector for the restructure proposals?

**Ms Bott**—I guess I would have two responses to that. One is that the vast majority of the arts sector has not expressed or reacted to the restructuring at all because it does not affect them. The vast majority of our operations in other areas are not affected by this restructuring.

**Senator CARR**—I see.

**Ms Bott**—I presume what you are referring to is the reaction from the CCD sector.

**Senator CARR**—Yes.

**Ms Bott**—That I would characterise as being a robust debate, I think it is fair to say, which is being played out in a constructive way in the development of the new models. But I feel I should also comment that the Australia Council, as a statutory authority, has a high-level competent governing body that sees its role as making sensible decisions for the future of the council and for the arts in Australia.

**Senator CARR**—You could hardly tell me that you do not make sensible decisions.

**Ms Bott**—Clearly.

**Senator CARR**—You do not surprise me in that regard. I am wondering though, apart from those who are not affected by the decision—and that is what you have cited as evidence—whom who is affected by the decisions has supported the decisions?

**Ms Bott**—We have had many expressions of support from people within the community arts sector. I would actually challenge the view—if I may, with respect—that the only points of view that are worth taking on board here are those from our existing partners. There are many people in the broader community who also would like to have a relationship with the Australia Council, and one of the things we are pursuing in this model is not only to continue supporting the good things we do now but also to develop new partnerships.

**Senator CARR**—We are talking about the community cultural sector here. Can you name organisations that have supported these changes?

**Ms Bott**—I do not think it is appropriate for me to do that.

**Senator CARR**—Right. I often have propositions put to me as shadow minister. A lot of people approach you and they put a view. They say, ‘Look, there was no serious research done and no serious consultation. This was presented as a *fait accompli*. Of course we are angry. Of course we are upset. A million dollars has been spent in a cash-strapped sector.’ They want to know what value for money they are getting. I get the impression that the whole of the cultural sector is opposed to this.

**Senator TCHEN**—It is not in your nature to care about a few million dollars of taxpayers’ money.

**Senator CARR**—Thank you for that intervention, Senator Tchen! It is an observation which I am sure will be very helpful.

**Ms Bott**—I would like to comment on two issues. Firstly, in terms of that \$1 million, the Australia Council last restructured in 1996, eight years ago. The cost of \$1 million would be, I would think, at the very least amortised over a five-year period. As a governing body and as a senior management, if we cannot invest a small amount of money in making sure that the \$150 million we get from government every year is better utilised then I would think we should be self critical of the way we run institution.

**Senator CARR**—All I am looking for is some advice from you as to which organisations have supported this proposal. I have not been able to get any indication from you who has supported this. Lots of people have told me that they do not support it. They have not made any secret of their views. So where are the supporters for this.

**Ms Bott**—There are many people who have suggested to us that this is the time for reform and for change. I see very few people suggesting that the Australia Council's model needs to stay the same.

**Senator CARR**—Programs such as the videogame *Escape from Woomera* have met with some criticism from within the government, have they not?

**Ms Bott**—I would have to take that on notice in terms of any correspondence we had. I would say on that that we often have commentary from government and others on many of the projects from all sorts of boards. I would be happy to take that on notice.

**Senator CARR**—You have already said to the committee that there was no consultation with the department prior to May last year. Did I understand you correctly?

**Ms Bott**—I cannot recall a specific discussion, no. We would of course in our ongoing dialogue, both with the minister and with the department, discuss the fact that we are in a corporate-planning phase or a future-planning phase, but there was not a formal meeting about the future-planning task force. That was entirely done as a decision of the Council itself, driven by our chair, our deputy chair and me.

**Senator CARR**—So it is possible there were discussions prior to May last year?

**Ms Bott**—We may have mentioned we were doing it. I honestly cannot recall.

**Senator CARR**—I see. That is with the department. Were there discussions with the minister's office?

**Ms Bott**—From memory, we informed the minister when the task force was established.

**Senator CARR**—This is the task force chaired by Mr Arcus—is that right?

**Ms Bott**—Yes, it is chaired by our deputy chair, Terry Arcus. The other members of the task force are Adam Lewis, Ian McRae, Michael Snelling and me, so we have two board chairs, two community reps and me as CEO.

**Senator CARR**—So the minister's office was informed in May as well?

**Ms Bott**—I am not sure I recall when we informed the minister's office, but it would certainly have been after the fact of the establishment of the task force.

**Senator CARR**—I see. Ms Williams, can you help me here: when were the discussions with the department and the Council about the restructure? When did they begin?

**Ms Williams**—I am not sure I can say when they began. Jenny and I do try to keep in touch. If there is an idea being floated we will talk to each other about it. I was formally briefed on the restructure just before it went to the board, I think. Jenny, can you remember the actual date?

**Ms Bott**—I believe it was about two weeks before but we could check the date.

**Senator CARR**—So that would have been in November?

**Ms Bott**—Late November.

**Senator CARR**—Were there other officers involved in this process prior to that time?

**Ms Williams**—Ms Bean was in that particular briefing too. I suppose there would have been ongoing discussions about what you were doing but there were no meetings.

**Ms Bott**—There were no meetings by DCITA staff with the task force that I recall. Of course, a member of the DCITA senior management is an observer at Australia Council meetings, so the department would have been aware of the task force from those regular briefings over the six-month period.

**Senator CARR**—And that is before the task force was established? Was there discussion on the Council?

**Ms Bott**—No, after.

**Senator CARR**—Presumably, the Council would have discussed establishing a task force?

**Ms Bott**—Yes.

**Senator CARR**—What date did that occur?

**Ms Bott**—It would have been around May, but we will look up the date of the meeting. It would have been approximately the same time as the first meeting of the task force, at whatever the closest Council meeting would have been.

**Senator CARR**—So there were no briefing notes and no discussions prepared by the Council for either the department or the minister prior to that?

**Ms Bott**—Verbal briefings only.

**Senator CARR**—Verbal briefings only?

**Ms Bott**—Verbal briefings reporting on the establishment of the task force and the role that it would play in the forthcoming six months. But as far as my memory serves me that was not prior to May, which is when the task force was established.

**Senator CARR**—It has been put to me that this has been driven from outside the Council.

**Ms Bott**—By whom?

**Senator CARR**—By the department and by the government. You say that is not true?

**Ms Bott**—I would categorically deny that. The independence of the Australia Council from political agendas is something that is held very strongly by the members of the Australia Council and the senior management of the Council.

**Senator CARR**—Was the fact that there were former government advisers involved in the main consultancy that is doing the work for you ever drawn to your attention as something that might compromise that political independence?

**Ms Bott**—Are you referring to Fiona Poletti?

**Senator CARR**—Yes.

**Ms Bott**—Fiona Poletti is providing ongoing support for the Council in the development of our whole-of-government strategy, which I would have thought is an excellent use of her skills. It was not related to the future-planning process in any way. In fact, she has only peripherally been involved in any way with this.

**Senator CARR**—Is part of the process here to remove peer review?

**Ms Bott**—Not at all. We value peer review. The Council has since 1996 had other ways of making investments in the arts. We set up two divisions in 1996: the audience and market development division, and policy, communications and research. Both areas make investments right now without a formal peer-review process. In fact, we are in the development of the models for CCD, looking at ways in which we can continue the peer-review process, if appropriate, for some of the grants programs within CCD. In the case of new media, it will continue to be peer assessed because it will be distributed between the visual arts and crafts and the music boards, so it is not a move away from peer assessment.

**Senator CARR**—Will the percentage of grants that will be peer reviewed increase or decrease?

**Ms Bott**—That is not clear yet until the model is finalised, which we will know by the first week of April when the Council signs off on the final model.

**Senator CARR**—We are not far from there. You do not have a clear view on that yet?

**Ms Bott**—That is the very process of the draft model that we are discussing with the workshop on Monday, and we have taken on board some of the feedback, most definitely from the sector, about those areas that would best remain in a peer-assessed process and those that may not.

**Senator CARR**—What areas do you think may not remain under peer review?

**Ms Bott**—The kinds of strategic investments that we make right now—for example, the regional arts fund. We have a very important community project through the Cultural Development Network in Victoria with a number of partners—RMIT and others. That would be an example of a \$55,000 grant that is made by the PCR division, and projects like that would continue under this new model. They are currently not peer assessed and they would not be in the future either. Of course they would be made on appropriate judgments by experienced staff. Indeed, part of the new model that we are suggesting is that there would be an advisory committee in community partnerships.

**Senator CARR**—We will have to wait to find out what the percentage breakdown will be of peer review and what it will not be.

**Ms Bott**—The proposed model, which would give those sorts of details—what percentage would be grants programs, what would be peer assessed—will be up on our web site from 23 February for a six-week period of consultation.

**Senator CARR**—You cannot tell this committee what that model says?

**Ms Bott**—No, because the workshop is on Monday to put the final details to it, with people from all over Australia from the CCD sector feeding into that process.

**Senator CARR**—Are there border changes being proposed with regard to the Australia council? Is there a proposal to move the Australia Council?

**Ms Bott**—No. It is not proposed to move the Australia Council at all.

**Senator CARR**—You are not proposing to move it at all?

**Ms Bott**—No.

**Senator CARR**—There is this terrible rumour going around that you are proposing to move it to Canberra. Is that right?

**Ms Bott**—No. I had never even heard the rumour, let alone the fact.

**Senator CARR**—I understand that Senator Kemp is very keen to move it to Melbourne. That would not be right, would it, Minister?

**Senator Kemp**—No. The government policy is that it is a Sydney based organisation. There has been no change to that, although I think Senator Lundy would be happy to have it move to Canberra. I do not think Senator Lundy would oppose that.

**Senator CARR**—I just want to be clear. We are not proposing to change the location of the Australia Council as part of this review?

**Ms Bott**—No.

**Senator CARR**—What about the number of staff. Are you intending to downsize?

**Ms Bott**—No. The review was done on the basis of the same budget and staff envelope. Of course, the number of exact positions are somewhat dependent on the work on these models, which will happen next week, but we would imagine that the staff numbers will be broadly the same. Although, part of the restructuring is for a certain number of old jobs to go and new jobs to be advertised.

**Senator CARR**—Can you give me an indication of what those jobs are going to be? Which ones are going to go?

**Ms Bott**—The best example, I suppose, is that all of our current artform board managers jobs are being dissolved, and we are re-advertising for artform directors, which are more senior jobs.

**Senator CARR**—And increased in salaries?

**Ms Bott**—In those, yes, because they are more senior jobs. But the total cost of the new organisation will be the same as the current cost.

**Senator CARR**—So the wages cost will be the same but there will be fewer people getting those wages?

**Ms Bott**—Slightly fewer.

**Senator CARR**—How many?

**Ms Bott**—About four or five fewer is our current estimate—although none of this will be confirmed until the April meeting of the Australia Council.

**Senator CARR**—I appreciate you have been telling me this despite the evidence of these documents. You have been telling me that this is an open process, anyone can come along and have their say, and there will be changes. Is there an intention to reduce the staffing levels in the research library?

**Ms Bott**—I believe there is a net difference of a half staff member in the library. It will go from 2½ to two.

**Senator CARR**—I take it there has been some sort evaluation of the effect that will have on your research capacity.

**Ms Bott**—Yes, we are embracing a new way of doing our strategy and research, and that is part of the new structure.

**Senator CARR**—I spoke of research. You said you had done some studies on financial viability and you mentioned a published report. Are there any unpublished assessments on financial viability?

**Ms Bott**—Of arts organisations?

**Senator CARR**—Yes.

**Ms Bott**—Not that I am aware of—only the ones that I mentioned to you.

**Senator CARR**—Could you take that on notice? Could I have a copy of any unpublished research on the financial viability of the sector?

**Ms Bott**—Yes.

**Senator CARR**—Thank you very much. There are just a couple of minor matters I need to clear up. The Council task force: what independent advice and assessment was sought before decisions were made about this restructure?

**Ms Bott**—I think I have already described the process—

**Senator CARR**—Yes, you have described a process, but I do not have a clear understanding from you of independent advice as distinct from advice that came from the Arts Development Division.

**Ms Bott**—The primary source of advice was the task force members, who are senior leaders in the arts, with research and other assistance from the consultant working in the area utilising all of the accumulated materials and work of the Australia Council over recent years. So what we were doing was evaluating our own organisation and its effectiveness.

**Senator CARR**—That is it?



**Ms Bott**—Yes. Of course, again, the decisions that were made were a broad endorsement of a framework prior to a consultation process, and there is now advice and feedback coming from a very broad field.

**Senator CARR**—You made a decision not to offer grants programs for the community cultural development and new media arts in 2005—

**Ms Bott**—No, that is not correct.

**Senator CARR**—You did not make a decision to do that?

**Ms Bott**—We did not make a decision to do that. The current CCD grants program will operate until 30 June. We have recommended to the minister that the CCD board be extended to enable it to meet in July and to deal with the April grants round. Following that, there will be new CCD and other community programs which will be advertised in the new handbook, and those are being determined in the workshops and a consultation process happening between now and April. So there has been no decision to abandon grants programs at this point.

**Senator CARR**—Okay. So I have just basically been misinformed that there was a decision not to offer it and then you reversed that. There was no reversal?

**Ms Bott**—No, there was no reversal.

**Senator CARR**—Thank you. The grant to the Melba Foundation was \$5 million last year—is that right?

**Ms Bott**—Yes.

**Senator CARR**—Did the grant go through an establishment grant process and review?

**Senator Kemp**—No, this was a grant that was made in the context of the Commonwealth budget, the Australian government budget.

**Senator CARR**—I see.

**Senator Kemp**—A bit like, I think, the grant that you outlined to Musica Viva in the Labor Party election policy. It did not actually go through that sort of process.

**Senator CARR**—That is fine.

**Senator Kemp**—You make a decision; this government is here to make decisions.

**Senator CARR**—So it was a political decision. That is fair enough.

**Senator Kemp**—I would not call it a political decision. I would call it a decision which I think has been widely welcomed in the artistic community.

**Senator CARR**—It was a political decision.

**Senator Kemp**—If you say that Barry Jones writing to me and saying, ‘Well done, Rod,’ is a political decision you can call it a political decision but—

**Senator CARR**—Barry Jones writes lots of letters. I just want to know if it was it a political decision, and that is fair enough.

**Senator Kemp**—It is a decision that was made by the government in the budget.

**Senator CARR**—That is right, it is a political decision. That is fair enough. Has the money been paid?

**Dr Brown-Watt**—The contract is being managed through the major performing arts section of the Australia Council. It is \$5 million over five years, and the contract process mirrors that of the major performing arts companies. There is a contract now in place that was negotiated between September and November last year, and first payments have in fact been made, yes.

**Senator CARR**—Have any recordings been made?

**Dr Brown-Watt**—Yes. In fact, there is a launch of the first recording tomorrow in Melbourne.

**Senator CARR**—Tomorrow?

**Dr Brown-Watt**—La Somnanbule.

**Senator CARR**—I did not get an invitation to that! I was told I would get lots of invitations in this job, Senator Lundy. Have I been misinformed?

**Senator LUNDY**—You would not have been told by me.

**Senator Kemp**—That is not true, Senator Lundy. You know that I was particularly conscientious to make sure that the shadow minister was asked.

**Senator CARR**—I am sure you would be.

**Senator LUNDY**—I am sure you will extend the same courtesy to Senator Carr.

**Senator CARR**—I am sure you would, being a Melbourne boy.

**Senator Kemp**—It will be tougher to extend it to Senator Carr, but I will try hard.

**Senator CARR**—What is being done with the recordings?

**Dr Brown-Watt**—I am sorry.

**Senator CARR**—How do you intend to distribute these recordings?

**Dr Brown-Watt**—This is a matter that is part of the contract, and we expect reporting on that at, I think, the end of February—28 February.

**Senator CARR**—This February?

**Dr Brown-Watt**—Yes, that is the first reporting.

**Senator CARR**—Can you tell me why the Footscray Community Arts Centre has had its funding cut by two-thirds? Do you know where Footscray is?

**Ms Bott**—I know it very well. In fact, I visited it on at least half a dozen occasions.

**Senator Kemp**—We know where it is—big swing to us.

**Senator CARR**—Is that right?

**Ms Bott**—The Footscray Community Arts Centre's grant was cut by the current CCD board as part of a peer assessment process.

**Senator CARR**—Will this be another one that will not in the future be peer assessed—is that the advice you are giving me? Is this evidence of why we should remove peer assessment?

**Ms Bott**—Not at all, but I thought that your question might have been implying that it was part of the restructuring, and I just thought I would point out that it was part of the current system.

**Senator CARR**—The truth of the matter is the local member has asked me to inquire about these matters, and I am being conscientious in doing that. That is the explanation you have given me.

**Ms Bott**—As for the reasons, I would need to do some research and get back to you.

**Senator CARR**—Could you please take that on notice?

**Ms Bott**—Very happy to.

**Senator CARR**—I am sure that there will be follow-up questions that arise.

**Ms Bott**—I look forward to them.

**Senator LUNDY**—I have a question about the Melba Records. Answers to questions on notice state that the Australia Council never received an application for the amount of funding granted to Melba Records. Given that is the case, and we took evidence the Australia Council was not consulted by the department or the minister about the allocation of this grant, to what extent was the Australia Council involved in the preparation of a business plan for Melba Records? Was that a direction from the minister?

**Dr Brown-Watt**—No, not at all. As I said, the contractual process mirrors that of the major performing arts companies, and they are required to produce a forward business plan on an annual basis.

**Senator LUNDY**—What advice did the Australia Council provide to Melba Records about the preparation of the business plan?

**Dr Brown-Watt**—We provided them with exactly the same guidance. There is a schedule to the major performing arts contract as to what we expect from business plans, and that was provided to them.

**Senator LUNDY**—Minister, perhaps you could explain how the \$5 million figure was arrived at, given Melba Records never actually applied for it.

**Senator Kemp**—There was an application and the government in the budget—

**Senator LUNDY**—Not for \$5 million.

**Senator Kemp**—Hold on, you have asked the question.

**Senator LUNDY**—How does someone get more than what they applied for?

**Senator Kemp**—Keep calm, Senator. The government made a decision to provide that money. People might say, in relation to your policy—

**Senator LUNDY**—No, I am asking about Melba Records.

**Senator Kemp**—and the \$12 million that you decided to give to Musica Viva, that you obviously made a political decision on that one. This was a budget decision; it is a decision that the government stands behind. We received an application from funding.

**Senator LUNDY**—Not for \$5 million. Where did that figure come from?

**Senator Kemp**—I have not got the application before me.

**Senator LUNDY**—No-one has, because there was not one.

**Senator Kemp**—Let me tell you that that money has been widely welcomed, including by the president of your own party.

**Senator LUNDY**—Who came up with the \$5 million figure?

**Senator Kemp**—Your attempt to imply that there is something improper in this is contradicted by the widespread support that this grant has provided.

**Senator LUNDY**—On the contrary, I am giving you the opportunity to demonstrate that there was nothing improper—you raised that word. Who came up with \$5 million?

**Senator Kemp**—This was a decision that the government made. Are you saying that it was the wrong decision?

**Senator LUNDY**—Who came up with the \$5 million?

**Senator Kemp**—The government in the budget made the decision to provide \$5 million to this most worthwhile project.

**Senator LUNDY**—I note the minister's refusal to answer the question. Thank you.

**Senator Kemp**—I have not refused to answer the question.

**Senator LUNDY**—You have.

**Senator Kemp**—I notice your refusal to indicate whether or not you support this project, particularly in view of the fact that the president of your party wrote in support of it. We notice your silence on that matter.

**Senator LUNDY**—Who came up with the \$5 million?

**Senator Kemp**—The government in the end makes a decision. The government in the end decides that it will provide the money. You have not been a minister and you have not been involved in a budgetary process. But the government has decided that this should be supported to the tune of \$5 million and that is what the government decided to do.

**Senator LUNDY**—There was no application, there was no advice from the Australia Council, so who was the expert within cabinet that knows about recording this kind of music?

**Senator Kemp**—You refused to say whether or not you support this, in part because of course you understand that this particular project—if my memory serves me correctly—was supported by the president of your own party.

**Senator LUNDY**—Which member of cabinet is the secret supporter of this sort of music that managed to dream up a \$5 million figure when a grant application was for \$500,000—and it was rejected, twice?

**Senator Kemp**—Can I let you into a big secret? You do not get these important projects through the ERC process. You do not get them through—

**Senator LUNDY**—Unless you know someone!

**Senator Kemp**—unless it is widely supported. That is what you do not understand. You have not been a minister, but that is the process of government. Without the strong support of the government and ministers this type of project would not be funded.

**Senator CARR**—The Prime Minister championed it, didn't he?

**Senator Kemp**—I would hope that he did, to be quite frank.

**Senator CARR**—I think that answers the question.

**Senator Kemp**—It is very hard to get things through an ERC unless it has got the support of senior ministers.

**Senator LUNDY**—Obviously.

**Senator CARR**—I have got a series of questions about staff morale that I will pursue with you on notice. Did you have anything further?

**Senator LUNDY**—I want to ask the Australia Council about the effects of the increase in the efficiency dividend. Could you go through the impact of the increase of the efficiency dividend from one per cent to 1.25 per cent?

**Ms Coombs**—If it was increased from one per cent to 1.25 per cent then the impact is about \$330,000.

**Senator LUNDY**—Have you established yet how you will apply that cut to your programs?

**Ms Coombs**—No, because the actual funding cut has not been confirmed.

**Senator LUNDY**—But it was announced in the election campaign to fund, I think, at least \$240 million worth of election promises. Minister, perhaps you can enlighten us on how you will perform your duties in advising all your agencies and so forth about how they will apply that funding cut?

**Senator Kemp**—You can be assured that I will always do my duty. But understand if I am feeling a bit annoyed with this line of questioning, because for the last two years we have had you on the issue of indexation, so naturally when you released your arts policy—

**Senator LUNDY**—I am not talking about indexation; I am talking about the efficiency dividend. I will come to the point about indexation.

**Senator Kemp**—I looked very closely to see what the Labor Party policy was and, when I think of the amount of time we wasted and the expectations that you tried to raise in this committee and failed to deliver, I really think that it is time we put this to bed. The government has a policy; the policy will be implemented. Clearly, I will be looking closely to see the impact that this may have on various statutory authorities under my auspices and to see what, if any, other action that I should take.

**Senator LUNDY**—Perhaps you could take on notice to provide to the committee then the exact dollar implications for each of your agencies and how much that eats into their indexation, therefore reducing the value of that indexation.

**Senator Kemp**—I will look at your question and see whether there is any further information I am able to provide you.

**Senator LUNDY**—Thank you.

**Senator Kemp**—But I do reiterate, Mr Chairman, that we had a lot of these questions over the last two or three years and I think expectations were raised by the Labor Party, only to be dashed when the policy was released.

**Senator LUNDY**—When we lost the election, you mean.

**Senator Kemp**—You lost the election, that's right, Kate. If you had had a decent arts policy, who knows.

**CHAIR**—It could have made all the difference, yes.

**Senator Kemp**—Mr Chairman, while we have a slight break, I want to get one matter on record. There was an implication—and I would have to recheck the *Hansard*—that somehow employing a former staff member of a minister compromised the independence of an organisation. I would have to say I think that is a most unfortunate statement. Let me say—

**Senator CARR**—You can use stronger language than that. You've got to work yourself up into a proper lather about something. If you're going to do it, do it properly.

**Senator Kemp**—Senator Carr, I know that you are embarrassed by this, but there are a lot of Labor staffers out there in the wider community, as there are a lot of Liberal staffers. I have dealt with one Labor staffer from time to time quite recently—someone by the name of Kate Roffey who, if my memory serves me correctly, worked with Senator Lundy. I am very happy to deal with her and I am sure that she will do an absolutely entirely professional job. I do not approach her on the basis that she just happened to be a Labor Party staffer. I do not want any implications to be made about staffers, which I think are unfortunate, that are not established by the facts and I would remind you, Senator, that what can be used to attack a Liberal staffer can also be used to attack a Labor staffer.

**Senator CARR**—Terrific, thank you. Thank you very much, I look forward to seeing you at the next round.

**CHAIR**—Thank you, Australia Council. We look forward to seeing you again in May.

[3.56 p.m.]

#### **Australia Business Arts Foundation**

**CHAIR**—We now move on to output 1.1.

**Senator CARR**—I have a document here entitled 'Structural proposal stage 2', which was tabled at the Australia Council board meeting on 7 December. Are you familiar with it?

**Ms McCaughey**—I have seen it. It did come to my attention.

**Senator CARR**—When was the first time you saw it?

**Ms McCaughey**—The first time I saw it was on the morning of the meeting of the heads of cultural organisations. It was in a brown envelope in my letterbox.

**Senator CARR**—What date was that?

**Ms McCaughey**—Whenever the last heads of cultural organisations meeting was. It was December.

**Senator CARR**—It was after the meeting. It was after the 7th?

**Ms McCaughey**—It was after the council meeting, yes.

**Senator CARR**—And someone helpfully provided you with a copy of it in a brown envelope?

**Senator CARR**—I must find this person because I could probably do with their services as well.

**Senator Kemp**—You probably do have their services!

**Senator CARR**—There is never enough of a good thing!

**Senator Kemp**—I think that was a very poor feint, I would have to say.

**Senator CARR**—The proposal that was put to the arts council on 17 December suggests to me that your organisation will be subsumed into the Australia Council. Is that your reading of the document?

**Ms McCaughey**—Yes. I have absolutely no other notes or explanations about it other than that document.

**Senator CARR**—That makes absolute sense to me, because it is not your proposal, but I would like to know if there has been any discussion with you concerning this proposal.

**Ms McCaughey**—No, there was no discussion with me prior to my seeing it that morning.

**Senator CARR**—Let me ask the officers from the department. When were you made aware of the arts council proposal to subsume ABaF?

**Ms Williams**—It was at the briefing about two weeks before the meeting that I just mentioned to you when I spoke about Lynn and I having that call.

**Senator CARR**—So the middle of November?

**Ms Williams**—It was late November.

**Senator CARR**—Have you informed the minister of this proposal?

**Ms Williams**—Yes. I think we spoke to the minister.

**Senator CARR**—What is the position of the department on this matter?

**Senator Kemp**—I do not know what the position of the department is, but the position of the government is that this is a separate body from the Australia Council. The government view is that it will remain a separate body. I think this was a proposal that was floated. My understanding is that it was not actually pursued by the Australia Council at their meeting which decided on the restructure, so this may have come from an earlier piece of paper, I do

not know; but I hope that the statement I have made will clarify the situation and provide that certainty which we think is important.

**Senator CARR**—I understand that that is the government policy and, as you have told me, the council is independent. As far as you are concerned, Minister, the matter is now finished?

**Senator Kemp**—As far as I am concerned, my understanding is that the council did not proceed with it. It is not a matter of my overruling the council, or anything else, if the council did not proceed with it. But ultimately, of course, this would be a government decision, and the government decision is that these two bodies will remain as separate bodies.

**Senator CARR**—Ms McCaughey, were you surprised that there had been a proposal floated?

**Ms McCaughey**—Yes, I was very surprised.

**Senator CARR**—And have you communicated your opposition to this proposal to the Australia Council?

**Ms McCaughey**—I was advised by the minister's office that it was not the government position, so I did communicate my surprise to the Director of the Australia Council.

**Senator CARR**—And you were advised by the Australia Council that it was not proceeding. Is that the case?

**Ms McCaughey**—Not in so many words, no. I was advised that the Australia Council were responsible for making the decisions that they thought were best for the Australia Council and the arts community, and that was their position.

**Senator Kemp**—But, in fairness, it is my understanding that the Australia Council just did not proceed with the proposal.

**Senator CARR**—I just cannot fathom—given the level of consultation with the Australia Council that they have just informed us of—that they could come up with a proposal like this without talking to you.

**Senator Kemp**—Senator, you had a chance to ask the Australia Council about that area; you did not.

**Senator CARR**—No, I slipped up badly.

**Senator Kemp**—You slipped up badly—poorly briefed. But, as I said to you, this was a proposal which had been floated, I understand, by the Australia Council at an early stage. It was not proceeded with, and certainly no decision or request was made by the Australia Council to me.

**Senator CARR**—Let me just take it on to a new area. Ms McCaughey, how would you describe the main work that you are undertaking at the moment?

**Ms McCaughey**—We have a very clear brief from the Commonwealth. We are a company of the Commonwealth, as you would understand, and our brief is to encourage and facilitate a culture of private philanthropy and benefaction to the arts among the corporate sector, institutions, foundations and individuals.

**Senator CARR**—So it is about philanthropy.



**Ms McCaughey**—It is about private benefaction generally, as well as philanthropy.

**Senator CARR**—Minister, why has the Australia Council been given a grant of \$75,000 over three years to facilitate philanthropy?

**Senator Kemp**—I would have to check on the background of that grant, to be quite frank, but let me just answer the general point. I think it is also important that the Australia Council say things to or work with AbaF. My understanding is that that has occurred, but I will provide you with some information on the grant if someone can get that to me.

**Senator CARR**—Perhaps one of the departmental officials could help me here.

**Ms Bean**—I think you are probably referring to an amount of \$750,000 contributed by AbaF and by the Australia Council to a joint project for arts support.

**Senator CARR**—I understood that it was a grant to the Australia Council. Are you telling me that that is not the case?

**Ms Bean**—I am certainly not aware of any grant to the Australia Council. The council and AbaF have put in money to a project that they are managing jointly.

**Senator CARR**—Can you help me then. The point I am getting to is that there appears to me, on the surface, to be some duplication here. Obviously the Australia Council, with their proposal, thought that they could end this duplication by taking over another organisation. Are there separate roles and functions of the two bodies: the Australia Council and AbaF?

**Ms Bean**—AbaF has a very clear brief, as explained by Ms McCaughey.

**Senator CARR**—As we have just heard, yes.

**Ms Bean**—The Australia Council ranges more widely. Naturally, private sector support is one of the areas that is foremost in the minds of a number of arts organisations, and that creates the link with the Australia Council.

**Senator CARR**—Ms McCaughey, do you think the business community in this country would be more inclined to support philanthropy in the arts if you were part of the Australia Council or not?

**Ms McCaughey**—We are a small organisation with a very big brief. We get \$1.6 million from the government each year in order to drive and motivate, catalyse, advocate, build the skills of the arts, raise awareness with business; so it is a very big challenge. We work to achieve that through being a business driven organisation and, for us, it is very important that we maintain being driven by the private sector. We have a board of 13, 12 of whom are businesspeople. We have a council of 90 heads of major corporations and/or major philanthropists who between them contribute as much again as the government does. So it is really private sector driven to serve the arts organisation. For us, we do see our independence as being particularly important in driving that agenda with small resources. We are able to leverage up a lot of influence, a lot of horsepower and a lot of both practical and cash resources through being a small non-bureaucratic fleet organisation.

**Senator CARR**—How much money do you think you have been able to bring to the arts through your work?

**Ms McCaughey**—Our job is not to directly raise the money. When we set out to try and work out how to meet this objective of encouraging a culture of benefaction and facilitating private sector support, we looked at the fact that there were, to start with, over a thousand arts organisations who were in receipt of either Australia Council or state or territory government funding. We looked at the fact that there are up to a hundred arts organisations in an inner city council like the City of Yarra, so there are literally thousands of arts organisations and tens of thousands of arts individuals. Therefore, what we decided to do was three things: to create advocacy out in the community, and that is what these senior business people do; we have put nearly 900 arts organisations and artists through two day training workshops on how you go out and secure private sector support—in other words, we have tried to turn the arts organisations themselves into the skilled people to go out and raise the money themselves, because with a small staff spread around Australia we cannot actually go out and raise the dollars ourselves.

**Senator CARR**—Your organisation was set up in 1995. It was one of Keating's initiatives, was it not?

**Ms McCaughey**—I believe it could have been 1994. I am not sure; I was not there.

**Senator CARR**—It was part of the Creative Nation initiative.

**Ms McCaughey**—I believe so, yes.

**Senator TCHEN**—It wasn't a political decision then.

**Senator CARR**—I make no apologies for political decisions. The arts and patronage have got on pretty well for quite a while, I understand. Can I ask you, Ms McCaughey, whether you are leaving next month.

**Ms McCaughey**—I am the outgoing ED, yes, and the new one was announced today.

**Senator CARR**—And who is that?

**Ms McCaughey**—That is Ms Kathy Keele. I have been with the organisation seven years at the end of March.

**Senator CARR**—I wish you well. Thank you very much.

**Ms McCaughey**—Thank you.

**Senator Kemp**—Mr Chairman, I wonder if I could just put this on record. Senator Carr has spoken for the committee, but I would like to endorse those sentiments and thank Winsome McCaughey for the work that she has done on behalf of the arts community. I think that she has been a very vigorous ED of AbaF and we thank her for her work and her commitment and wish her well in the future.

**Ms McCaughey**—Thanks, Minister.

**Senator LUNDY**—I endorse that.

**Ms McCaughey**—Thank you, Senator Lundy.

**CHAIR**—Thank you. We wish you all the best in the future from this committee.

[4.09 p.m.]

### **Australian Film Commission**

**Senator CARR**—I welcome the officers from the Australian Film Commission. Could I begin by asking you some general questions about the annual report. I understand 226 National Film and Sound Archive staff were transferred to the AFC on 1 July 2003, and my reading of the report suggests that the ACF now have 70 full-time and 25 part-time staff. Has there been a loss of personnel as a result of that transfer?

**Mr Dalton**—The answer is no, but I will get Mr Greg Brown to answer that question.

**Senator CARR**—Thank you.

**Mr Brown**—Within the archive specifically, since the integration of the two organisations there has been a restructure in that corporate services staff within the archive itself have been integrated with a corporate set of staff from the old AFC. So, if we look at the core archive staff, during 2003-04 there continued to be a similar number as were brought over from ScreenSound.

**Senator CARR**—So there has been a downsizing in the corporate services branch; is that right?

**Mr Brown**—No, there has not been.

**Senator CARR**—None at all?

**Mr Brown**—Not at this stage.

**Senator CARR**—Have any of the National Film and Sound Archive staff resigned since 1 July 2003?

**Mr Brown**—There would be a number of staff who have left the organisation since that date.

**Senator CARR**—Have they been replaced?

**Mr Brown**—In some cases they have been. In some cases they have not been, pending the outcome of the review which was being undertaken and which was then continued under the auspices of the new director. We did not want to replace staff on a permanent basis in some cases pending the outcome of what the new vision of the new director would be.

**Senator CARR**—And the net impact has been?

**Mr Brown**—At this stage there has not been a decrease in the number of full-time equivalent staff.

**Senator CARR**—What things can you now do better than you could have before the amalgamation? We have had a bit of time to look at it, and in your judgment what has been the net improvement?

**Mr Dalton**—The net improvement to—

**Senator CARR**—Of the amalgamation, of the bringing together, of the two organisations.

**Mr Dalton**—I think that you would have to go back to the reasons for the government making this decision some 18 months ago, and I am sure the minister can perhaps talk in

detail about the government's actual rationale. We have always said that the broad thrust of the policy was in part to do with certain administrative arrangements the Archive had. It was quite unsatisfactorily located within a government department for some 20 years, and that was an issue which restricted its ability to deliver on its brief, which is about developing a collection and preserving that collection and making it accessible. By bringing a body with independent statutory authority status into an existing independent statutory authority, there is greater ability to operate at both a policy and a program delivery level.

Beyond that I think I would simply say to you that the programs that are delivered and the core functions of the archive are entirely complementary to the broad scope of the work of the Australian Film Commission and that together as an organisation we are involved in supporting and ensuring the creation of Australian content, making sure that it is broadly an issue of availability of Australian content within Australia and preservation of Australian content. That is the fundamental rationale for it all.

**Senator CARR**—They are all very worthy objectives. Mr Dalton, was the archive when it was part of the National Library not have statutory protection then?

**Mr Dalton**—It was part of the National Library up until 1984.

**Senator CARR**—So it has in the past had statutory protection.

**Mr Dalton**—I assume it did.

**Senator CARR**—So you are saying that, basically, from that period until 2003 it did not?

**Mr Dalton**—In 1984 it became part of a government department.

**Senator CARR**—I see your point. You have made a commitment in the past that the second deputy chair position of the AFC board would be filled and that an opportunity would be provided for a person with expertise and experience in the film and sound archive to join the board. Is that still the position.

**Mr Dalton**—It is not within my authority to make appointments to the commission. That is really for the minister.

**Senator CARR**—But is that still the position of the commission?

**Mr Dalton**—We do not have a position. That is the minister's position not our position.

**Senator Kemp**—The position is available if the government feel we need to fill that position. At this stage we have not filled that position.

**Senator CARR**—Do you have any intention of filling that position?

**Senator Kemp**—We have had some discussions on it and we have not seen the need to move on this at least in the short term. I do not rule it out, but it is not something which—as we saw how the joining together of these two organisations took place—I felt was needed. If it becomes obvious that such a position is needed then we will move to fill it.

**Senator CARR**—It was an important part of trying to encourage people to accept these changes, was it not?

**Senator Kemp**—It was certainly floated. Of course, as I said, we assess this from time to time.

**Senator CARR**—You are renegeing on a commitment then, are you?

**Senator Kemp**—It is not renegeing. I think this proposal was supported by the Labor Party initially, and the Labor Party changed its mind. My memory was that Senator Lundy and yourself voted on this.

**Senator CARR**—You spend a lot of time on Senator Lundy, don't you? I think you will be sorry to see her go.

**Senator LUNDY**—You will miss me, Minister.

**Senator KEMP**—Senator Lundy has had a major impact on the development of Labor Party policy on the arts.

**Senator CARR**—And a major impact on your psyche by the sound of it.

**Senator KEMP**—I know that you are a new broom and you have been brought in because the Labor Party want some changes and were obviously not happy with the way the portfolio was being managed. That may be a harsh judgment the Labor Party made, but nonetheless it is important that we remember the history of this.

**Senator CARR**—I am interested in the history of the commitment that you gave and have now renegeed on.

**Senator Kemp**—We have not renegeed on the commitment. The facility is there if we need to use it.

**Senator CARR**—What is the current status of the directions paper?

**Mr Dalton**—It was part of a process of discussion, consultation and consideration about the archive being integrated into the AFC and looking at the next chapter of the work of the archive. Through that paper we canvassed widely a whole range of opinions. We received a lot of submissions. We held a number of public forums. When our new director came on board, Dr Cherchi Usai, who is sitting two down on my left, that was taken up as part of his considerations. That was part of what he took on board and formed part of the discussions he had with me and our commission.

**Senator CARR**—I welcome Dr Cherchi Usai. This is your first appearance before this committee. I am sure you are appreciating the opportunity to appear today. Has the directions document been amended?

**Dr Cherchi Usai**—The directions paper has not been the subject of any amendment work on my part.

**Senator CARR**—I was not asking whether or not it had been amended by you, but whether it has been amended by anybody—or is it the document that was agreed prior to your appointment?

**Mr Dalton**—No, it has not been amended. It stands as a document. It is a part of the process of consultation that took place.

**Senator CARR**—Is there an intention to revise the document?

**Mr Dalton**—No, there is no intention to revise it.

**Senator CARR**—Dr Cherchi Usai, what autonomy do you have in terms of managing the archive?

**Dr Cherchi Usai**—I have full control and responsibility over the budget, the programs and the staffing of the archive. They are all being discussed and they will continue to be discussed with the CEO of the Australian Film Commission.

**Senator CARR**—So you have full financial delegations?

**Dr Cherchi Usai**—Yes.

**Mr Dalton**—As part of a structure of delegations that exist with the commission, I do not have full financial delegation but I have a delegation that goes up to a certain amount. I am sure you are familiar with the way we have a cascading system of delegation.

**Senator CARR**—Yes. Thank you, I appreciate that. I look forward to continuing this discussion to see how it goes. How long have you been in the job?

**Dr Cherchi Usai**—Five months.

**Senator CARR**—There is plenty of time to talk through how it is going. Mr Dalton, how serious does the commission regard the decline in the number of Australian made films?

**Mr Dalton**—I think we are on the record as saying that we regard it very seriously.

**Senator CARR**—What are the current figures?

**Mr Dalton**—The figures for last year were that some 12 Australian films were released and I think the total production numbers were around 15.

**Senator CARR**—Can I ask you what you think of Cate Blanchett's comments made yesterday and canvassed in the *Age*? Did you see those comments?

**Mr Dalton**—I think I picked it up on our clipping service that she thought that we needed more money—is that right?

**Senator CARR**—Yes, that is certainly what she said. In the short time I have been involved I hear that quite a lot. She said, 'It's such a shame about funding in Australia; we've got to do something about it.' The Australian Film Commission rejected Dalton and Broad's *The Banker* saying it 'lacked resonance'. Is that right?

**Mr Dalton**—I think there are two issues there, there seems to have been some cause for concern by some people that a film which won the BAFTA short film award called *The Banker* was submitted to the Film Commission for funding some time ago—I do not know how long ago—and it was considered, along with about another 100 or 120 applications that we received for funding and we selected two or three other films and not *The Banker*.

**Senator CARR**—Why did you reject the script?

**Mr Dalton**—From my understanding it is a highly competitive area. In each round for short films we fund two, three, four films, and obviously the people who were making the decisions felt that some other films were more worthy of our support.

**Senator CARR**—Fair enough. Mr Dalton, it is incredibly subjective; I am prepared to concede that. In fact, it is a bit awkward, isn't it, when you knock back a film script and it gets

a BAFTA? That is a pretty objective test, isn't it, that some other people think it is pretty good? Are you satisfied with the evaluation process within the AFC?

**Mr Dalton**—No, I am never satisfied with evaluation processes, I think you have to keep them constantly under review. You are working in this area in subjective areas and you are attempting to evaluate creative talent on the part of individuals who are presenting to you as well as assessing actual projects and it is a very difficult arena to operate in. However, I feel that the Film Commission throughout its history has been quite rigorous and it continues to be so. Of course, at times on reflection you look back and the film that you were presented with or the script that you were presented turns out to be better than what you might have estimated when you were making that assessment. At the same time, I would simply say that in the year that we obviously missed *The Banker* we picked up an Academy Award, so we did not do too badly.

**Senator CARR**—Fair enough. What is the process? Are applications reviewed in-house or is there any peer review process that you could call upon?

**Mr Dalton**—It is both in as much as we have a group of project managers who are full-time staff at the Film Commission. They are all practitioners—they all have background and experience as directors, producers, writers and in other areas in the film industry. There are always at least two people assigned to look at every application so that you do not just have the views and opinions of one person, and all recommendations for funding are then brought to the committee of all of the project managers who consider the recommendations.

**Senator CARR**—Is there any criteria established as to what makes a good project and what does not?

**Mr Dalton**—We have very detailed guidelines for all our funding programs, which, of course, are published and made publicly available. There are certain objective criteria about budgets or length or the background experience of the people who are applying for their funding. Ultimately, the assessment comes down to the project manager on that particular round reading the script. They shortlist and then they interview the actual applicants and it is an assessment about the level of craft skills that are presented and a view about the actual creative potential of the project.

**Senator CARR**—If someone has actually had an application rejected is there an appeal mechanism?

**Mr Dalton**—There is not an appeal mechanism as such. Under our service charter, people can obviously appeal if they feel there has been a problem with the process of consideration. But, no, we do not have an appeal process for people saying, 'You got it wrong. I want you to look at it again.'

**Senator CARR**—Do you have any senior staff that are available, say, to act as a court of appeal?

**Mr Dalton**—No, we do not. We receive something like probably pushing 1,500 applications a year and we are probably funding maybe one in 15 of those. No, we do not have an appeal process.

**Senator CARR**—If someone says, ‘The process is crook; I’ve been robbed,’ how do they get their application reconsidered?

**Mr Dalton**—We do not reconsider applications unless people can make the claim that there has been an issue of process.

**Senator CARR**—But who do they make the claim to?

**Mr Dalton**—They would initially make it to either the officers involved or the director of the branch, and ultimately they can appeal all the way through to me, and if necessary they can go on to the ombudsman or whatever other processes there are in public life.

**Senator CARR**—They have to go outside the commission, though?

**Mr Dalton**—They can, but in our service charter we have set out an appeal process—and it is available, again, on the web—if it is about process.

**Senator CARR**—The amount of public support for film in this country is pretty limited. The film industry is heavily dependent upon private financing, would you agree?

**Mr Dalton**—No, I would not agree with that.

**Senator CARR**—Why is that?

**Mr Dalton**—I think that, if anything, one of the issues we have seen in recent years is the falling away of private investment. Largely the feature film area is dependent on government subsidy, provided through organisations such as the Film Commission or the Film Finance Corporation. The area of television largely exists because of a framework of regulations. There is some private finance comes into the industry through the IOBA taxation framework that exists. But, unfortunately, we have seen a fall in that in recent years.

**Senator CARR**—What percentage of funding for film in this country comes from public sources?

**Mr Dalton**—Feature films?

**Senator CARR**—Yes. I just want to get some indication. You have indicated to us that public funding is critical because it is an industry that cannot stand on its own feet and it needs public support—and this is an area of industry policy that requires a fair bit of attention, I would have thought.

**CHAIR**—Just before you go on, Senator Kemp wanted to have a tea break at 4.30 but I thought it might be better, if the minister was agreeable, if perhaps he went to his meeting and we continued. Would the minister be happy for us to do that? Would you like to comment on that, Minister?

**Senator Kemp**—If the committee would like to sit on, if I am not going to be here I would want it understood that members would not act in a way which would cause me distress. If, under your rigorous chairmanship, you can give me that assurance, I will—

**Senator LUNDY**—Don’t push your luck, Minister, just hurry up.

**Senator Kemp**—I am happy for the—

**Senator CARR**—You could have gone and been back by now.



**Senator Kemp**—Hold on, I might say no. I would advise you lot to keep quiet. I do have a meeting at 4.30. I should not be long—I will come back hopefully in about a quarter of an hour. I am happy to do that. In the meantime, I wonder if we can have a quick recap of how we think we are going with sport and what time are we likely to call sport? I do not want the officers sitting around until 6.30 p.m..

**CHAIR**—We have four other arts programs. Senator Carr, your comment?

**Senator CARR**—We are doing our best to get through this. I had to truncate my questions to the Australia Council. As a consequence I missed a very important issue. We could recall them but that might be even more inconvenient. I will do my best to conclude as quickly as I can. We are rushing through this material now. I would have thought that if the minister had not intervened we probably would have finished with the officers by now.

**Senator Kemp**—I think that is really stretching credulity.

**CHAIR**—Minister, I assure you we will zealously look after your interests and we look forward to your early return.

**Senator LUNDY**—That wasted five minutes.

**Senator CARR**—Mr Dalton, what do you think is the public sector's contribution to film in this country?

**Mr Dalton**—I can give you the precise figures for the year 2003. I can refer you to an annual publication from the Australian Film Commission called the *National survey of feature film and TV drama production 2003/04*. We do it annually. I can tell you that Australian government sources represented 24 per cent of finance; Australian private investors represented eight per cent; Australian film and television industry sources represented five per cent; and foreign sources represented 64 per cent. However, it is a very small industry and what we find is that the whole of that 64 per cent, in fact, was contributed by five titles, and one of those titles happens to be a film called *Happy Feet*, which is being produced by Kennedy Miller and is headed up by Dr George Miller of *Mad Max* and *Babe* fame et cetera. That is fully financed by one of the American studios. We do not know exactly but we understand that the budget is somewhere north of \$70 million. So our records suggest that about \$10 million of private taxpayers' money came into the industry last year, which is quite insignificant if you add up the other sources of funding which amount to about \$40-odd million. So it is quite small.

**Senator CARR**—What are the opportunities for the diversification of the funding base of Australian film?

**Mr Dalton**—The government, as parts of its election policy, has announced that it is going to reintroduce the film licence investment scheme of which there was a pilot run a few years ago. That allows, in a fairly transparent and controlled way, to seek investment from the private sector. This is an initiative that the industry genuinely supports and we certainly in our representations to government always suggest that if we are to have a healthy film industry in this country then we do need to have a mix of finance coming from both government sources and the private sector.

**Senator CARR**—How many people are employed in the film industry now; do you have that figure?

**Mr Dalton**—I would have to take that on notice.

**Senator CARR**—I am just wondering, are there are other measures that can be taken, rather than direct financial investment, to improve the level of local production? For instance, regulation of pay TV. Are there are other devices that are available to the Commonwealth, in the commission's view, that can be used to enhance local production?

**Mr Dalton**—I think there are two key areas of policy intervention by governments, one is in the area of funding, both direct and indirect, and the other is in the area of regulation. Yes, again, the Film Commission is certainly on the public record in many instances as arguing that levels of Australia content on pay TV at the moment are, in our view, quite insufficient and that a mechanism to increase those levels would be to actually increase the level of regulation that presently applies to pay television.

**Senator CARR**—Are you aware of any proposals currently before the government to do that?

**Mr Dalton**—Only proposals in the sense of proposals from the industry or from organisations such as our own. They are the only proposals that I am aware of.

**Senator CARR**—Do you see any impediments to such a course of action being taken as a result of the free trade agreement that was signed with the United States?

**Mr Dalton**—Under the FTA the government has the ability to increase the local content expenditure requirement on drama to 20 per cent and in the area of documentary, children's and arts and education programming to a level of 10 per cent. Those caps have been set within the FTA but they as yet have not been achieved so there is room to move.

**Senator CARR**—There is plenty of room. I will return to those matters in the months to come, so thank you very much for that. I have some questions on notice that I will put to the commission. There have been a number of resolutions passed by the Australian Society Archivists and I would ask if I could get responses to them. They are too detailed to go through now but if I could get responses from you on those matters I would appreciate it.

**Mr Dalton**—We can respond.

**Senator CARR**—That concludes my questions to the commission. Thank you very much.

[4.36 p.m.]

#### **National Archives of Australia**

**Senator CARR**—I welcome the officers and I look forward to the work we have ahead of us. Can I begin by asking you about the attack on the archives by former senator John Stone that appeared in the local Canberra press recently. Are you familiar with those remarks of Mr Stone published by the *Canberra Times*?

**Mr Gibbs**—I certainly am.

**Senator CARR**—You have been accused of misusing the annual release of documents under the 30-year rule, or at least being the unwitting tool of others. What is your response to that criticism?

**Mr Gibbs**—The issue, I think, is that over the years we have been doing the release under the 30-year rule until last year we had had no living Prime Ministers. The releases had been done in a much more low key way by others. Once you got to the period where you had a living Prime Minister it was obviously going to become more controversial because there were live players. But I think we followed the process we have used for the last decade of having senior people to brief the media to coincide with the release on 1 January. I do not think the process changed at all.

**Senator CARR**—That will be the practice from now on if there is a living Prime Minister available or a senior minister from the period. Is it your intention to continue that practice?

**Mr Gibbs**—The process is reviewed every year and it will be reviewed again this year. That is the process and the impact is the same. We want to make the records of the Australian cabinet system more widely known, and I think we achieved that objective this year. We will review it this year for how we release it next year. We have already had representations about how we might do it next year, you might be surprised to know.

**Senator CARR**—Politicians volunteering?

**Mr Gibbs**—Yes.

**Senator CARR**—Are there any protections within the archives against political interference and, if so, what?

**Mr Gibbs**—There is but the only role of the archives was to do a media briefing in December, a normal media briefing in confidence—that is our only role. We have no say in how that is handled. We employ a historian who does an independent review of what happened during the year. The archives at no stage takes a side in it.

**Senator CARR**—Yes, but is it possible for a minister of the day—a current serving minister—to intervene in the management of events such as the release of documents under the 30-year rule?

**Mr Gibbs**—Not that I am aware of and never has there been any attempt for them to do so in my time.

**Senator CARR**—In fact, would it not be a breach of the Archives Act?

**Mr Gibbs**—Something as specific as a media event is not covered by the Archives Act.

**Senator CARR**—But your functions are.

**Mr Gibbs**—But the functions of us releasing the records would be, yes, that is right.

**Senator CARR**—Wouldn't the government of the day have opportunities to interfere in the way in which you release documents under the 30-year rule?

**Mr Gibbs**—No, because it is a process that is well established in legislation and by tradition and I do not think there is, and nor has there ever been.

**Senator CARR**—Do you think Mr Stone's suggestions about the way in which you behave in these matters are consistent with the current act?

**Mr Gibbs**—I do not accept Mr Stone's criticisms.

**Senator CARR**—And you have no plans to change the way in which these events are organised?

**Mr Gibbs**—We will review it, as we do each year, but I do not think there was any indication in the release last year that indicated there had been political interference from the Archives or that the process was any different than it had been over the previous decade.

**Senator CARR**—You are subject to the efficiency dividend?

**Mr Gibbs**—We certainly are.

**Senator CARR**—How much is that?

**Mr Gibbs**—With the additional 0.25 per cent, it is about \$800,000 a year.

**Senator CARR**—What effect has that had on the activities of the Archives?

**Mr Gibbs**—It makes us very, very inventive.

**Senator CARR**—In what ways have you invented?

**Mr Gibbs**—It has been in things like energy savings—as you are probably aware, we own lots of buildings around the country, big buildings which cost a lot in energy to run—and until now that has been the primary saving method.

**Senator CARR**—Have you had to curtail any programs?

**Mr Gibbs**—Not yet.

**Senator CARR**—Do you expect that that will come?

**Mr Gibbs**—Logically, one day it might, but at this stage not and we are only just beginning to take on account and analyse how we might find the \$800,000 for next year with the additional 0.25 per cent. But certainly at this stage—

**Senator CARR**—Is it 0.25 per cent?

**Mr Gibbs**—An additional 0.25 per cent, which is another \$160,000 for us. At this stage we are not looking at reducing any programs.

**Senator CARR**—How are you going to fund it?

**Mr Gibbs**—By being inventive in the ways we talked about before. We have a lot of infrastructure. We probably have more room to do this than any of the other cultural institutions because uniquely we have big offices and warehouses in every state and territory, from Darwin to Hobart. They are the sorts of things that, with good business practices, you can achieve savings from and that is primarily how we have done it up until now.

**Senator CARR**—You note in the annual report the various measures you have in place on fraud control. A former finance director has been employed under contract by the Archives, has he not?

**Mr Gibbs**—My colleague Ms Anderson, Assistant Director-General, Corporate, might want to answer this in more detail. He was a staff member and the issue was about contracts that were let under his time.

**Senator CARR**—How was he able to secure a contract with the archives?

**Mr Gibbs**—The issue—and Jenny can answer further—

**Senator CARR**—If you could please, I would appreciate that.

**Mr Gibbs**—was that he did. There were two contracts achieved for a family company. The other side of it is that the person who was dismissed from the Archives has now been convicted and all moneys, with some interest, totalling over \$1.9 million, have been returned to the Archives. More importantly, or as importantly as far as I am concerned, the staff involved who were the whistleblowers who enabled us to expose the fraud were not required to appear in court and are still with us as well.

**Senator CARR**—So it is a success story, is it?

**Mr Gibbs**—It was never a success story but as far as these things can go—that is, you recover the money, you get a conviction, and you protect the staff who were doing the right thing—yes, it was a success story in that way.

**Senator CARR**—Was it the case, as alleged in the *Canberra Times*, that there were moneys paid up front before any work was done under the contract?

**Ms Anderson**—The contract that was let to the company for the outsourcing of our accounts processing was paid in advance, and that was written into the contract. It was paid in advance for a discount on services.

**Senator CARR**—You got a discount?

**Ms Anderson**—Yes.

**Senator CARR**—You paid money before the work was done on the basis that there was a discount?

**Ms Anderson**—Yes. The money was paid in advance and invoiced on a monthly basis and then tallied up against that advance payment. It was paid in advance for a discount on services.

**Senator CARR**—What does the finance department have to say about that?

**Ms Anderson**—I have not seen any comment from the Department of Finance and Administration.

**Senator CARR**—It would be unusual, surely, to have money paid in advance and invoices forwarded on a monthly basis thereafter.

**Ms Anderson**—I believe it is not a common thing but it is not something that is not done—money paid in advance for a discount.

**Senator CARR**—You say it has occurred before?

**Ms Anderson**—I am not saying it has occurred in the Archives before, and I would not know about that, but there certainly is provision where you can pay in advance if you are justified that there is a substantial discount to compensate for that.

**Senator CARR**—What was the alleged discount?

**Ms Anderson**—The discount was two per cent.

**Senator CARR**—Why was it that the money had to be repaid?

**Ms Anderson**—We took legal action to have the money repaid because, on the legal advice, the contract was let under false pretences and therefore the contract could be regarded as null and void.

**Senator CARR**—The discount looks thin in those circumstances. Is it true that there were clauses deleted from the contract which actually protected the Archives?

**Ms Anderson**—I could not comment directly on that. I would have to take that on notice.

**Senator CARR**—The relevant employee that was subject to the prosecution deleted those clauses—is that true?

**Ms Anderson**—I could not say that he deleted those clauses. I would have to go back and have a look at more detail on that.

**Senator CARR**—Can you take that on notice.

**Ms Anderson**—Yes.

**Senator CARR**—If the claim I am making is correct, when was it noticed that there had been clauses deleted from the standard contract?

**Ms Anderson**—I will take that on notice.

**Senator CARR**—Was this reported in the annual report?

**Ms Anderson**—The case has only just recently been resolved. I think it will be in this annual report.

**Senator CARR**—I am sure it will be now.

**Mr Gibbs**—The conviction was just late last year.

**Ms Anderson**—The conviction was only finalised in November.

**Senator CARR**—But the consultancy was let at an earlier time, was it not?

**Ms Anderson**—Yes.

**Senator CARR**—And should have been in the reporting period?

**Ms Anderson**—The consultancy would have been in a reporting period in 2002-03.

**Senator CARR**—That was reported, was it?

**Ms Anderson**—I was not at the Archives at the time. I could not tell you exactly, but I think it would have been.

**Senator CARR**—Can you confirm for me the reference in the annual report to the original consultancy?

**Ms Anderson**—Yes.

**Senator CARR**—I am sure it will be there; I just could not see it.

**Ms Anderson**—We will take that on notice.

**Senator CARR**—You are saying, essentially, that the irregularities in this matter were brought to your attention by other employees of the Archives.

**Ms Anderson**—By an employee, yes. It was just after I arrived at the Archives.

**Senator CARR**—What was the total value of the contract?

**Ms Anderson**—There were two parts to the contract. The first part was for \$1.65 million, and that was in February 2003. There was a variation to the contract, to add on an additional service, in October 2003 for \$275,000. Therefore, the two contracts total \$1.925 million over a four-year period.

**Senator CARR**—When was it brought to your attention that there were some irregularities?

**Ms Anderson**—Approximately late December 2003, just after my arrival.

**Senator CARR**—The court proceedings were in December 2004?

**Ms Anderson**—No, we started proceedings in February 2004.

**Senator CARR**—And they concluded?

**Ms Anderson**—They concluded in the Supreme Court in 2004. That was a sentencing hearing.

**Senator CARR**—What was the sentence?

**Ms Anderson**—Eighteen months of weekend detentions. So it was 78 weekends of detention.

**Senator CARR**—And the repayment of all moneys?

**Ms Anderson**—Yes. Repayment of all moneys was received before the sentencing hearing.

**Senator CARR**—I take it your procedures have been adjusted so this will not happen again?

**Ms Anderson**—Yes, they have. We contracted an independent person to come in and do a review of our contract services, and we immediately implemented some recommendations.

**Senator CARR**—Was the report in the *Canberra Times* on 13 August 2004 accurate?

**Ms Anderson**—Yes, I would say that it was a fairly true reflection of the court proceedings.

**Mr Gibbs**—It was essentially what we tendered to the court. It was just a repeat of what we tendered.

**Senator CARR**—So it was fair.

**Ms Anderson**—Yes, based on our statements to the court.

**CHAIR**—Thank you very much.

[4.51 p.m.]

**National Library of Australia**

**Senator CARR**— I welcome you to the committee. I have some straightforward questions in regard to the efficiency dividend. What is the impact of the efficiency dividend on the Library?

**Ms Fullerton**—The increased efficiency dividend?

**Senator CARR**—Yes.

**Mr Linehan**—The impact of the efficiency dividend is roughly \$500,000.

**Senator CARR**—Is that \$500,000 per annum?

**Mr Linehan**—Per annum at the present time.

**Senator CARR**—Is an increase likely next year?

**Mr Linehan**—I am not aware; that would be a matter for government.

**Senator CARR**—So you are only budgeting for \$500,000?

**Mr Linehan**—Yes.

**Senator CARR**—How are you paying for that?

**Ms Fullerton**—It is incorporated into our total budget planning process, as it has been ever since we have been dealing with the efficiency dividend.

**Senator CARR**—What actions have you taken? What programs have been curtailed to produce the savings of \$500,000?

**Ms Fullerton**—We manage it as part of the total budget process. We expect it and we plan our budget to take account of what moneys are available to us. It is not directed at a particular activity.

**Senator CARR**—So it has had no impact.

**Ms Fullerton**—It has had an impact across the whole range of our activities, but we plan our budget to modify the impact of any particular reduction.

**Senator CARR**—Can I ask you about the new storage facility you are constructing. What progress is being made on it?

**Ms Fullerton**—Very good progress.

**Senator CARR**—This is a dorothy question, is it?

**Mr Linehan**—In the context of the land, we have had approval in principle from the ACT government to go ahead with the purchase. In the building context, we are up to part of the design phase, and we have just sought expressions of interest now for the construction of the new facility.

**Ms Fullerton**—It is running on schedule.

**Senator CARR**—What is the budget?

**Mr Linehan**—Ten million dollars over four years was allocated for the project.



**Senator CARR**—And the project is still on budget?

**Mr Linehan**—The project is still on budget, yes.

**Senator CARR**—Will the building be shared with any other cultural institutions?

**Mr Linehan**—We are having a meeting this Friday with the National Archives to talk further about shared arrangements.

**Senator CARR**—What are you anticipating would be the arrangements for joint occupancy?

**Mr Linehan**—I think the basis for the building is that it is a building for the Library, but we were hoping to provide some short-term accommodation space for the archives. From the Library perspective, we expect the building to be filled by 2013, so it will be however we can accommodate them.

**Senator CARR**—So it is a short-term arrangement for which you would anticipate the Archives would pay rent. Is that the idea?

**Mr Linehan**—That is still to be worked through.

**Senator CARR**—It would not be a gift, though, would it? You would not be offering spots to other—

**Mr Linehan**—Taking a step back, we have been appropriated funding for the whole facility, so in one sense it would be wrong to charge rent to another agency and double-dip, so to speak. That would need to be looked at.

**Ms Fullerton**—It is part of the portfolio, so we would consider the best possible outcome.

**Senator CARR**—So you will still own and manage the facility?

**Mr Linehan**—Yes.

**Senator CARR**—What is the project Kinetica? Is there a redevelopment?

**Ms Fullerton**—It is under redevelopment. There are two parts to that project. The first part is to redevelop the search system, and that aspect of the project was delivered on time and on budget just before Christmas and offers absolutely fantastic capability to enable people to search the holdings of over 1,000 Australian libraries very simply in a Google like style.

**Senator CARR**—Will everyone have access to this new system?

**Ms Fullerton**—We are working to ensure that everyone does ultimately have access to the system.

**Senator CARR**—So it is not just confined to other libraries?

**Ms Fullerton**—At the moment the service is run on a fee-for-service basis with other libraries. Many of those other libraries do make the system freely available to their clients. The Library is working to try to make it available to all Australians.

**Senator CARR**—For free?

**Ms Fullerton**—That is our desire, yes.

**Senator CARR**—When do you expect that to happen?

**Ms Fullerton**—We are looking at our budget to see if we can reduce costs and get a level of support from the library community to make it possible to be free—

**Senator CARR**—That is terrific.

**Ms Fullerton**—at the beginning of next year.

**Senator CARR**—What other improvements will we see as a result of the redevelopment?

**Ms Fullerton**—The most visible is the search system, already achieved. We are improving the way in which other libraries contribute their holdings. That is the second part. That is expected to be delivered in the last quarter of this year.

**Senator CARR**—Thank you very much.

[4.58 p.m.]

#### **National Museum of Australia**

**Senator CARR**—I welcome the officers. Can I ask you about the ANAO report of January, which highlighted that the Museum had \$14.1 million of unauthorised spending.

**Mr Morton**—That is correct. We did. That is quite true. The guidelines from Finance and Treasury were, I believe, difficult to understand. We were not aware that our investment fell outside the normal bag of investments. When we determined that that was the case we sought the permission of the Treasurer to hold the investment, and we were given such permission. Since then, we have been in accordance with the guidelines.

**Senator CARR**—So you changed your practices?

**Mr Morton**—When it was drawn to our attention that we required the Treasurer's permission to have that particular investment, we sought the Treasurer's permission to have it and he has given us that permission.

**Senator CARR**—So he has retrospectively given you permission?

**Mr Morton**—Yes.

**Senator CARR**—So all of those commitments are now covered?

**Mr Morton**—The commitments are covered.

**Senator CARR**—Are you satisfied that the arrangements and guidelines are now clear enough?

**Mr Morton**—I believe they are for us. We have a very limited range of investments, which are vetted by our audit committee. We believe that we are quite clear now on what we can and cannot invest in, and we take a very conservative approach.

**Senator CARR**—These situations occurred with the National Gallery, SBS and the Museum. Do you believe that the guidelines were clearly explained to the agencies within the portfolio?

**Ms Williams**—I am going to have to take that on notice.

**Senator CARR**—It seems to me that there are a number of agencies. I would have thought that there would have been some discussion with Finance. Was there any discussion with Finance?

**Mr Morton**—I should add that Finance has subsequently put out an additional circular clarifying the situation for departments.

**Senator CARR**—Is that a result of discussions with departmental officials within the portfolio?

**Mr Morton**—I believe it is a result of the ANAO report and comments that departments have made to ANAO in the course of the compilation of the report.

**Senator CARR**—Thank you very much. That concludes my questions.

**Senator Kemp**—Mr Chairman, I have a housekeeping issue. The Film Finance Corporation are keen to get back to Sydney tonight.

**Senator CARR**—We have done them, have we not?

**CHAIR**—We have dealt with them already.

**Senator Kemp**—You have dealt with the Australian Film Commission; you have not dealt with the Film Finance Corporation. If they are not needed, I am sure they will be delighted with that news.

**Senator CARR**—I do not have any questions for the Film Finance Corporation.

**CHAIR**—Senator Lundy, do you have any questions for the Film Finance Corporation?

**Senator LUNDY**—I will put them on notice. I thought they had been completed. I thought they were at the table with the AFC.

**CHAIR**—Senator Lundy is prepared to put her questions on notice. So, it would seem that the Film Finance Corporation will not be required to appear. Thank you for coming.

[5.04 p.m.]

### **National Gallery of Australia**

**CHAIR**—Before we proceed, I note that there is an apology from Mr Ron Radford, who is the new director of the gallery. He writes:

We have not yet had the pleasure of meeting, as I only took up the position as Director of the National Gallery of Australia three weeks ago.

This is a letter dated 14 February. The letter continues:

I regret I will not be able to attend the committee hearing scheduled for Tuesday, 15 February 2005 due to prior appointments I have out of Canberra. I have asked the gallery's Deputy Director, Alan Froud, to represent the gallery at the hearing. I have also noted the timing of future hearings of the committee and look forward to attending.

Yours sincerely,

Ron Radford, Director.

**Senator CARR**—Mr Ken Begg has attended many hearings and I notice that he is here today. Is he still contracted with the Gallery?

**Mr Froud**—Yes.

**Senator CARR**—What are his duties?

**Mr Froud**—He provides media advice to the Gallery.

**Senator CARR**—How much is he being paid?

**Mr Froud**—How is he being paid?

**Senator CARR**—How much is he being paid? I assume he is being paid by cheque, or is it cash?

**CHAIR**—It is via the internet these days, Senator. Direct payment.

**Senator CARR**—How is he being paid?

**Mr Froud**—On a monthly basis.

**Senator CARR**—When did his employment begin?

**Mr Froud**—I would have to take that on notice.

**Senator CARR**—Is it by contract?

**Mr Froud**—Yes.

**Senator CARR**—Consultancy contract?

**Mr Froud**—Yes. I could not recall the precise date, but I would say it is 18 months or 12 months, something like that.

**Senator CARR**—What is the value of the contract?

**Mr Froud**—Again, I would rather take that on notice than speculate, if you do not mind.

**Senator CARR**—Is anyone else in the Gallery employed in a similar position?

**Mr Froud**—Meaning on a consultancy basis?

**Senator CARR**—Yes.

**Mr Froud**—We have numerous consultancy arrangements.

**Senator CARR**—No. I mean in a similar position of media consultancy.

**Mr Froud**—No.

**Senator CARR**—So Mr Begg is the only media consultant you have.

**Mr Froud**—Yes.

**Senator CARR**—Do you have anyone else on the staff who is not employed on contract but actually provides media services?

**Mr Froud**—We have a number of staff who provide assistance for marketing and promoting the events and activities of the Gallery, so the answer to that would be yes, we do.

**Senator CARR**—How do their duties differ from Mr Begg's brief?

**Mr Froud**—They differ inasmuch as Mr Begg has provided to the Gallery over the period of the contract advice on media management and media issues associated with the organisation, whereas the staff are more focused on internal programs and the promotion of

internal program activities. Mr Begg also provides advice to that function as well in terms of advice to the media and how to best promote and get our messages across.

**Senator CARR**—What is the total media budget for the Gallery?

**Mr Froud**—That varies from year to year depending upon programs because there is an advertising budget.

**Senator CARR**—Let us just say last financial year.

**Mr Froud**—If I was to say how much we spent on advertising—

**Senator CARR**—No. You see, there are different functions.

**Mr Froud**—I realise that.

**Senator CARR**—There is clearly an advertising function, promotion of the Gallery for its exhibitions and the like. Then there is crisis management money, isn't there? I would like to know what the media spend is for the day-to-day management of media inquiries to deal with problems down at the Gallery.

**Mr Froud**—Mr Begg might assist with that matter, but he does other things as well, and there would not be anybody else in the organisation who would be involved in that. My guess would be that it is of the order of \$50,000 a year—maybe something like that.

**Senator CARR**—In the annual report Mr Begg has a special box in the organisational chart. Why is that?

**Mr Froud**—I think because of his reporting arrangement, which is unusual or different from the line management responsibilities. He has a reporting line directly to the director.

**Senator CARR**—So that is unique.

**Mr Froud**—It is not unique in that there have been others who have had a similar operational and reporting arrangement over the years at the Gallery. At the moment it is unique.

**Senator CARR**—Will you be able to explain to me what Mr Begg's duties are and what he was paid for the period covered by the annual report?

**Mr Froud**—Yes.

**Senator CARR**—Thank you very much.

**Senator LUNDY**—I want to ask you some questions about an accident that I have been informed occurred at the National Gallery yesterday. Can you outline the details of an accident involving, I think, a contractor?

**Mr Froud**—Yesterday there was an incident at the Gallery. A reportable incident was reported to Comcare, and Comcare today have decided to investigate the matter. Contractors were moving a temporary wall within our temporary exhibitions gallery during the period of changeover from the recent Westwood exhibition that concluded at the end of January and the Cossington-Smith exhibition which will open on 3 March. As has been reported to me, the contractors doing that had sought to move a wall some distance. They used one method for relocation of the wall but it was not exactly where it needed to be. The contractor then used a

forklift to try and nudge the wall an extra couple of inches, we understand, and caused the wall to topple. So that is as I understand what happened but, as I say, the matter is to be investigated by Comcare. It was certainly reported as a serious incident.

**Senator LUNDY**—Was anyone hurt?

**Mr Froud**—No, thankfully.

**Senator LUNDY**—Can you tell me the policy regarding occupational health and safety inductions at the National Gallery?

**Mr Froud**—As they relate to contractors particularly?

**Senator LUNDY**—Yes, particularly.

**Mr Froud**—There is a process of induction of contractors. For all contractors who are engaged there is a process whereby part of the formal engagement process is to submit documentation which goes to a risk assessment of their work practices. Over the last couple of years in particular we have introduced very specific and prescribed requirements for contractors working in the environment.

**Senator LUNDY**—Were these contractors inducted or have you taken action since the accident yesterday to induct them?

**Mr Froud**—As I have been advised, the contractual documentation was supplied to the contractor ahead of the work commencing. The work commenced yesterday. I have been advised that some of that documentation had not been completed. There had been a site inspection undertaken and a site orientation et cetera, but the normal Gallery processes of engagement had not applied to that contractor, which of course is a matter of great concern to me, I might say, given the efforts that we have been making to improve practices.

**Senator LUNDY**—So in your eyes that constituted a breach of your normal procedures in inducting contractors before they start work.

**Mr Froud**—Yes.

**Senator LUNDY**—Did you conduct an induction for them this morning?

**Mr Froud**—Yes. There were meetings with the contractor on site yesterday and again this morning where all that has occurred. That said, I think it would be appropriate to add that I am not sure that the normal induction processes would nonetheless have highlighted that there was the likelihood of an improper work practice such as that occurring, in that I do not think the work practice would have talked about how one would relocate the wall. I think that they relocated the wall and it was an inch or two off and they thought, 'I'll just nudge it with the forklift and that will bring it into line,' which of course is totally inappropriate.

**Senator LUNDY**—Given that it is your responsibility to induct contractors, what happens next?

**Mr Froud**—Clearly, in terms of this specific issue, we now have a policy about how our walls are to be moved. It is a policy that we have adopted and which our staff comply with, and we will oblige all contractors to use a similar practice in future.

**Senator FAULKNER**—I am sure you are aware of the press coverage of late January that mentioned your name. There was one disturbing article in the *Sydney Morning Herald* on 24 January entitled ‘Trail of death at National Gallery’, and there was an article in the *Canberra Times* the next day entitled ‘Cover-up of cancer link denied by NGA’. I assume you are aware that.

**Mr Froud**—I am fully aware of that.

**Senator FAULKNER**—I thought you would be. Can you give the committee a brief status report of where the Gallery is up to in relation to this issue that received this substantial amount of negative press coverage.

**Mr Froud**—I welcome the opportunity to clarify some of the issues. I understand the press reports, but it seems to me that there are two issues. One seeks to revisit the issue of the incidence of cancer related illness amongst the security staff at the Gallery and the investigations that the Gallery conducted into that matter at the time. The other is that subsequently there was a suggestion that there was an attempt to cover up information. In terms of where we are at this time, I will just summarise the activity. On 22 February 2002, I received advice that our human resource management department had just realised that a fifth case of cancer related illness had been diagnosed amongst our security staff. That had caused them to go back and review the records, and they indicated that this was in fact the fifth case of a cancer related illness diagnosed amongst the Gallery security staff over the preceding five years. The Gallery immediately sought advice from Comcare as to what would be the appropriate response to have somebody with the appropriate expertise investigate this matter. We were advised to contact an occupational medical specialist to assist with this.

The following day the Gallery contacted Health Services Australia, who have expertise and are well regarded for their knowledge and professional capacity. Dr Andrew Lark was identified by Health Services Australia, and Dr Lark investigated the matter and provided a report to the Gallery on 8 March. So some two weeks after we had raised the matter we had received a report from Health Services Australia. I think the important points made in the report by Dr Lark were that each of the five cases of cancer related illness were different and, in the opinion of Dr Lark, there was no occupational environmental link. The Gallery was much relieved to receive that expert advice. We had also attempted to be very open and declaratory with our staff, the union that represented the staff, the Gallery’s occupational health and safety committee and the Gallery’s consultative committee about that issue at the time and upon receiving the advice from Dr Lark.

It has also been mentioned that there might have been an attempt to cover up this issue from an inquiry that was running at the same time with Mr Bob Wray, who had been engaged by Comcare in December 2001. He issued to the Gallery in January 2002 details of his proposed investigation approach. He commenced his face-to-face interviews and investigations at the gallery in February 2002. So in February 2002 Mr Wray was in and out of the building conducting an inquiry. It has subsequently been put, ‘Why didn’t we draw this to the attention of Mr Wray?’ and the simple answer is that the particular issue that was raised required investigation by an occupational medical specialist—somebody with that expertise and knowledge. Mr Wray was looking at other issues and, as I understand it, has an

engineering background, not a medical background. The matter was reported to Comcare. Comcare had engaged Mr Wray, so if Comcare wished to draw that to the attention of Mr Wray that was always a possibility. What the Gallery did in cooperating with Mr Wray and with his investigation was to respond to every request he made and seek to provide information that he requested of us.

**Senator FAULKNER**—Thank you for that report. Let us deal with Mr Wray's investigation. When did that conclude?

**Mr Froud**—It concluded in 2003. There was a draft report provided, as I recall, in the latter half of 2002. The Gallery responded to that report and that in turn led to further investigations and further efforts being made by Mr Wray in engaging other professionals to assist him in clarifying some points that were in his original draft report. That then led to a final report which was issued in early 2003.

**Senator FAULKNER**—One of the issues that arises here is whether or not it would have been appropriate to inform him of the five cases of cancer among security staff. Before we deal with that, can we just establish what the situation was in the broader health picture. In the published reports that I have seen—I do not know if any of them are accurate, and I would like you to establish that for us—there are significantly different figures used about the incidence of cancer and cancer-related illness amongst categories of staff. Can you now provide this committee with a definitive picture of the situation, particularly with the security staff, please?

**Mr Froud**—I can say that, as it was mentioned, there were five cases of cancer related illness that had been identified in the five years preceding February 2002. It has also been mentioned in the press that there were a further nine cases—or speculation about a possible further nine cases. What this relates to is the fact that, at the time of Dr Lark's engagement, we not only looked back and were able to confirm that there were five cases that we were clearly aware of but we asked security staff if they had knowledge of former employees—who would not necessarily be available to the Gallery or be in the Gallery's official records; some may be in the official records and some may not—as to whether any of them might have had any cancer related illnesses.

That particular method of gathering information, of course, is open to question. It was speculation as far as the members of security staff that were prepared to identify former colleagues et cetera were concerned. Those nine cases were identified by that method. We have not approached those people and we have not sought to confirm the veracity of that number—whether in fact that is the case or not. We feel that it was important to ascertain whether the issue was broader than the five cases that were under notice. We provided that information to Dr Lark by way of background briefing at the time of his engagement—that there was the possibility that there were further cases in terms of both current and previous security staff at the Gallery.

You asked about the current status. There have not been any cancer related illnesses identified since February 2002 amongst the security staff. Amongst the broader staff, I understand that a couple of cases have been identified. I understand informally that there are



two cases but there is no official record of those two cases because I believe the individuals concerned have sought confidence about that issue.

**Senator FAULKNER**—I do apologise—and I am sure you will not be too upset—but I am required on some follow-up issues at another committee. So, as much as I would have liked to have spent more time with you this evening, it appears rather unlikely. I hope you can cope. You look like you are managing.

**Senator Kemp**—I will try.

**Senator LUNDY**—Mr Froud, you were just saying that there have not been any instances since then. Since that story became public, what counselling, advice and support has been provided for your staff?

**Mr Froud**—When this story appeared in the press Dr Lark was away from his work and was to return in early February. On his return we asked him to return to the Gallery. He did so last Friday. He addressed the security staff again last Friday. He addressed the staff as a collective and then we also asked him to meet with any individuals who wished to meet with him on an individual basis. That was also facilitated at that time. If there is a need for any further advice to be provided by Dr Lark to security staff we would happily facilitate that as well.

**Senator LUNDY**—I was thinking more as a general thing. Did you ask Dr Lark to produce some written justification for not actually meeting with individuals and making site visits at the time he originally did the investigation? Do you view that as a breach of his contract with the Gallery?

**Mr Froud**—I do not. I have respect for the professional expertise that Dr Lark brings.

**Senator LUNDY**—Do you think that might have let you down on this occasion?

**Mr Froud**—No, I do not think so, and I do not say that quickly. I have clearly thought about that issue. I attended Dr Lark's presentation to the staff last Friday and Dr Lark was reminding everybody of the medical research that is available that relates to the diagnosis and the causes of cancer—the individual causes of cancer and their origins. That medical advice and knowledge are, to my mind, paramount considerations. I think he was able to bring that consideration to the issue by being briefed by the Gallery in terms of the information we were able to provide to him.

Clearly, we are happy for Dr Lark to be more available and to address individual staff members. We will certainly be keen to follow up the questions that were raised in that exchange with Dr Lark to demonstrate that we have actually sought to provide the reassurance that all of the staff require, both individually and collectively, and we will do that. I certainly got a sense in attending that meeting that it was important to recognise his professional expertise and what he was able to bring and say.

**Senator LUNDY**—Did the gallery pay Dr Lark to come back?

**Mr Froud**—Yes, we did. Health Services Australia operates on a fee-for-service basis and we happily paid the required fees for that.

**Senator LUNDY**—Can you tell me exactly who was convened to hear Dr Lark's address when he attended the Gallery?

**Mr Froud**—It was the security staff; it was not the broader staff.

**Senator LUNDY**—Do you think there is a need for him to address the rest of the staff?

**Mr Froud**—That is certainly an issue that we have been thinking about. There has not been a request made that I am aware of, or a sense of concern that I am aware of, on the part of the broader staff. But it is certainly something that has exercised my mind and something I think we should think about.

**Senator LUNDY**—You mentioned before that there was an offer to meet with staff individually.

**Mr Froud**—Correct.

**Senator LUNDY**—Did you say that Dr Lark made that offer at the meeting?

**Mr Froud**—No, we had made that offer and in fact arranged a number of individual meetings on the morning that he was with us, last Friday.

**Senator LUNDY**—Did all the security staff have an opportunity to meet with Dr Lark separately, on their own?

**Mr Froud**—Given the nature of our roster system, because we operate seven days a week, I think that principally only those staff that were rostered on that day would have taken advantage of that opportunity. It was certainly our wish that that offer be communicated to the staff ahead of time and that any staff had the opportunity to be present and take advantage of the opportunity. My understanding from the discussion at the meeting and from who was present to hear Dr Lark's presentation is that it was actually only the staff that were rostered on that day. No others had sought to come in on their day off to participate in the process.

**Senator LUNDY**—Are you making time available for staff on their rostered shifts to meet with Dr Lark?

**Mr Froud**—We will be happy to do that. It was about responding to the requests and the need. So if any individuals wish to do so we will facilitate it. That is the basis of the offer that we have made.

**Senator LUNDY**—What is the basis for the engagement of Dr Lark this time around? Is he doing another survey of your security employees?

**Mr Froud**—No. He was invited to return to provide further information and reassurance to the staff. Given the level of interest in the media, there is a heightened level of interest amongst the security staff—more so than there was at the time of his original investigation—and so we wanted to provide the opportunity for staff to be briefed by Dr Lark and have the opportunity to ask questions of him.

**Senator LUNDY**—Can you describe in detail the findings by Health Services Australia relating to staff illnesses and cases of cancer and can you provide the committee with copies of any reports done by HSA in relation to illness at the National Gallery?

**Mr Froud**—There is one report. That is the report dated 8 March. I will happily provide a copy of that report to you.

**Senator LUNDY**—When were the findings of that report made known to the National Gallery?

**Mr Froud**—On 8 March 2002.

**Senator LUNDY**—Were these findings discussed with or conveyed to security employees or any employees of the Gallery at the time?

**Mr Froud**—Yes, they were—as I mentioned previously, to the staff, to the union that represented the staff, to the occupational health and safety committee and to the consultative committee.

**Senator LUNDY**—Have there been any subsequent reports by Health Services Australia?

**Mr Froud**—No.

**Senator LUNDY**—Going to, I guess, the key point: did the National Gallery supply Mr Wray with the results of the surveys of illness that were being undertaken around that time?

**Mr Froud**—No.

**Senator LUNDY**—Why not?

**Mr Froud**—It was thought to be a separate matter. As I mentioned previously, we sought and were provided with advice from Comcare. It was their view that we needed the services of an occupational medical specialist to investigate and advise on that matter. So that is what we did. The other thing that I think is important to recognise in terms of the timing is that this issue was raised on 21 February. Health Services Australia were engaged on 22 February and provided their report on 8 March. So there was a two-week period in which this issue was identified, investigated, reported on and identified as not being an issue for the Gallery to continue to concern itself with in terms of the environment. On that basis, one could ask what the basis would be to provide the information to Mr Wray. If the report had not indicated that there was no link, that might have been something to draw to the attention of Mr Wray.

**Senator LUNDY**—Surely that should have been up to Mr Wray to determine and not the Gallery?

**Mr Froud**—I understand the impression, but the terms of reference of his investigation were principally directed at following up the recommendations of previous Comcare reports and other issues related to, in a broad sense, the Gallery's airconditioning system and were not at the time thought to be related.

**Senator LUNDY**—Thought not to be related by the Gallery?

**Mr Froud**—And by Comcare—presumably. That is up to Comcare to—

**Senator LUNDY**—How would Comcare have known whether or not it was relevant if they had not been provided with the information?

**Mr Froud**—Because we contacted them on 21 February to seek their advice as to what we should do in terms of investigating that matter—and, having investigated that matter, we informed them of the outcome.

**Senator LUNDY**—Do you have that communication in writing?

**Mr Froud**—To Comcare?

**Senator LUNDY**—Yes.

**Mr Froud**—I am sure we do. I do not have it with me.

**Senator LUNDY**—Could you take it on notice to provide the committee with the communication on that specific matter?

**Mr Froud**—Yes.

**Senator LUNDY**—That is effectively your defence in not providing the written documents to Comcare to form part of the Wray report. Am I reflecting on the situation accurately?

**Mr Froud**—I believe so. We provided that information to Comcare but neither Comcare nor the Gallery felt that this was a matter that Mr Wray need to concern himself with at the time.

**Senator LUNDY**—In relation to staff illness at the National Gallery, I understand that, between July 2001 and December 2001, the security department alone reported 54 days of leave, which is a lot of leave. Was that information provided to Mr Wray?

**Mr Froud**—I could not be certain. I would have to take that on notice—although I would question the assumption relating to 54 days leave for the security staff—of which there was in the order of 40 full-time equivalent staff at that time. Over a six-month period, 54 days amongst 40 staff equates to saying that they were maybe off for a day or some of them two. I would not necessarily see that as excessive. But I will happily ascertain whether information about that specific period has been sought and provided.

**Senator LUNDY**—Again, the point here is that there is an information set that has relevance to the state of health of the employees yet we do not know whether that information was provided to Mr Wray. But you are going to check whether or not that was provided to Mr Wray during his investigation.

**Mr Froud**—I would just make the point that what the Gallery did during the course of the investigation conducted by Mr Wray was to respond to his requests for information. Our understanding on this issue was that Mr Wray did meet with Gallery staff early in 2002 and he asked questions about what systems we had in place to monitor sick leave et cetera and he was able to be satisfied that we had systems in place to monitor. To my understanding, that was the focus of his attention at the time. He did not ask for information about what monitoring we had actually undertaken and the details. Had he done so, we would have happily provided the information. Essentially, the Gallery was seeking to respond to whatever his needs were as he expressed them.

**Senator LUNDY**—Can you recall being concerned at the time about the cancer that was occurring there? Can you remember that period of time and were you concerned about it?

**Mr Froud**—I do not recall being particularly concerned and I do not recall there being widespread concern or concern expressed by other members of staff that was drawn to my attention. Clearly there were individual cases that I was aware of and distressed by—

colleagues who had cancer related illness that I was certainly aware of—but there was no general concern that I was aware of amongst the staff.

**Senator LUNDY**—As a result of this scare, what procedures and processes have you put in place for monitoring issues like sick leave and illness amongst the staff and what follow-up work have you engaged in?

**Mr Froud**—Largely, we had already been invited to consider the introduction of systems and processes. A Comcare report produced in 2000 invited us to review our monitoring of sick leave absences. As a consequence we have done a number of things. We monitor sick leave on an ongoing basis—we were doing it at that time, and we continue to do it. We have increased the level of monitoring—we have developed guidelines on personal leave and we have managers within the organisation focusing on a range of issues. There have been a number of initiatives. This cancer related illness issue was something that was identified by the Gallery. The Gallery through its monitoring processes said: ‘Is this unusual?’ It seemed to be unusual and worthy of our attention. It caused us to elevate the issue. So we did that as a product of those monitoring processes.

In terms of further review, we are just continuing with the systems and practices that we now have in place which are part and parcel of our policy and procedures that Comcare, amongst others, have been provided access to as part of the various review processes that we have been subjected to over the last five years.

**Senator LUNDY**—Thank you for that. Can I ask you about the impact of the increase in the efficiency dividend on the Gallery’s budget?

**Mr Froud**—The Gallery’s efficiency dividend would be in the order of \$330,000 a year. I suppose my response would be similar to that provided by Jan Fullerton just before in that the Gallery has an awareness of the total financial resources that it has to manage within. As part of that budgetary framework and process we try to ensure that our ambition—and our ambition seems to be limitless—always has some reality to it. The ongoing application of an efficiency dividend brings challenges—there is no doubt about that—but it is part and parcel of the budgetary framework that we operate within.

**Senator LUNDY**—Do you envisage that any job losses are going to result from it?

**Mr Froud**—The number of positions within the organisation is also an issue that needs to be carefully managed. We currently have in the vicinity of 230 full-time equivalent staff. We will probably need to reduce that number. We do not have a particular plan, but I expect from 220 to 230 is the range we will need to continue to operate. So it will come down at times. I suppose in terms of the budgetary pressures, yes we will be looking to restrict staffing numbers. I think the ongoing expectation of staff in terms of wage outcomes et cetera is also another significant factor in that budgetary consideration.

**Senator LUNDY**—Thank you.

**CHAIR**—I thank the officers for appearing.

[5.49 p.m.]

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

**CHAIR**—Are there any questions for the arts section of the department before we break for dinner?

**Senator LUNDY**—I know that Senator Carr will be putting some questions on notice for officers from the arts section of the department. Perhaps I could ask a general question about the efficiency dividend. Are you able to itemise the amounts affecting each part of the department and agencies?

**Ms Williams**—The department take the efficiency dividend on an overall basis, as the agencies do, so we would not particularly itemise it. As you know, every agency in government takes the efficiency dividend, so it would apply to us as it would to other agencies.

**Senator LUNDY**—So what is the overall figure for the efficiency dividend?

**Ms Williams**—For next year it is 1.25 per cent.

**Senator LUNDY**—What is that in dollar figures?

**Ms Williams**—I do not have the figure with me.

**Senator LUNDY**—If you could take that on notice, as well as whether it is likely to have any impact on jobs within the department.

**Ms Williams**—We deal with it through efficiencies generally across the department. We would not impact on jobs.

**Senator Kemp**—That is the purpose of it—to impact on efficiency.

**Senator LUNDY**—Indeed.

**CHAIR**—The DCITA arts people can go and the sports people can stay. Thank you all for being here to this point.

**Proceedings suspended from 5.51 p.m. to 7.04 p.m.**

**Australian Sports Commission**

**CHAIR**—We welcome the officers from the sports departments and agencies. Senator Lundy will begin the questioning.

**Senator LUNDY**—Thank you very much, Chair. My first question goes to the Active After-school Communities program. Has the full amount of \$18 million for 2004-05 for that program been allocated as yet?

**Mr Peters**—In the first year we renegotiated with DOFA about the introduction of it because, given the election and delays in setting it up and the school break over December, we are piloting a number of schools in term 1 and looking at 1,000 schools in term 2. We have delayed some of the infrastructure that we would have perhaps developed earlier. We still expect to meet all of the targets in year 3, so the cash flowing has been renegotiated.

**Senator LUNDY**—Can you remind me about the annual expenditure on that program for this current financial year and in the outyears?

**Mr Espeland**—Page 176 of the additional estimates refers to the AASC program and shows the split across the four years. You do need to read down towards the bottom of the page, where there has been an adjustment. They are regional figures related to what Mr Peters said in terms of our original expectations, but particularly with the election and the caretaker convention there were some adjustments made. Those adjustments are reflected in the other variations to appropriations under outcome 1. They are figures of \$7,550,000 in brackets and across. So in essence we have moved the spread pattern out to the right in terms of the time line.

**Senator LUNDY**—Just to clarify that, is that \$7.5 million?

**Mr Espeland**—Correct.

**Senator LUNDY**—That has moved from the 2004-05 year into the 2005-06 year and so forth?

**Mr Espeland**—It is roughly a \$13 million spend this year.

**Senator LUNDY**—And you are attributing that delay to the election?

**Mr Espeland**—In part. It is a very much a greenfields program and it has been a matter of engaging with the communities. It is very much a bottom-up program from the schools and the communities.

**Senator LUNDY**—But what was preoccupying those school communities during the election?

**Mr Espeland**—Well, we were not in a position to put in place our full complement of probably the most important part of the program, the regional coordinators, who build those bridges between the communities.

**Senator LUNDY**—But life does not stop for the Sports Commission just because it is an election. Is that part of caretaker or something?

**Mr Espeland**—Part of the caretaker convention, that is correct.

**Senator LUNDY**—So appointing regional coordinators for this program got caught up in the caretaker convention, did it?

**Mr Espeland**—Correct.

**Senator Kemp**—I think the Sports Commission were not sure whether they were going to implement our programs or yours.

**Senator LUNDY**—Yes, indeed. Does the delay of its start from term 1 to term 2 take into account that moving of \$7 million?

**Mr Peters**—It reflects the renegotiation and the fact that the majority of the cost is associated with setting up the infrastructure in the states and the regions. The coordinators are a very important part of that. To put them on and get them set up was a large part of the initial cost.

**Senator LUNDY**—So how many schools have registered after-school providers that are going to involve themselves in this program at the start of term 2?

**Mr Peters**—I am looking for the exact figure. Around 2,600 initially registered. We intend at the end of this year, term 3, to have 1,500 on board and then progressively we will be putting on others to get to the target figure of 3,200. We were very pleased with the response.

**Senator LUNDY**—Can you just give me the time line for those effectively full-time staff positions? When do you expect to have 1,500 on board?

**Mr Peters**—At the end of term 3 we expect to have 1,500 schools and after-school centres. At the end of term 2 we expect to have 1,000. We are piloting 20 to 23 schools in term 1.

**Senator LUNDY**—Piloting how many?

**Mr Peters**—Twenty-two. It could be 23. We are looking at some of the logistics.

**Senator LUNDY**—And how many staff have been added to state, territory and regional programs to complement the Sports Commission running this program?

**Mr Peters**—There were 123 regional coordinators put on initially. They are located in the states and territories.

**Senator LUNDY**—Have all of them been appointed?

**Mr Peters**—Yes, the 123.

**Senator LUNDY**—So that is the total?

**Mr Peters**—We would expect when the program is fully expanded that the numbers may get in the 150s. It just depends on the regional spread and the servicing of schools in the regional areas.

**Senator LUNDY**—And how are those regional coordinators spread across states and territories?

**Mr Peters**—At the moment we have looked at which schools have registered interest. We have been very conscious that we need to address regional and rural areas, so although there may be different ratios, with the ideal ratio being around 25 to 30 schools per coordinator, that figure is much lower in some of the regional areas. We have a couple of schools in Townsville and we have a regional coordinator servicing those schools and working in that area. So the ratios are different in some of the regional areas because the schools and the distance factors are things we need to incorporate into the way our coordinators work.

**Senator LUNDY**—So how many are in Queensland, New South Wales, South Australia and so forth?

**Mr Peters**—I do not have those figures now, but I am happy to provide them. We now have a break-up of where the coordinators are in the regions.

**Senator LUNDY**—Is it a fairly even mix between the states or is it heavily orientated towards New South Wales and Victoria because of the population centres? How is that working?

**Mr Peters**—We have tried to get a mix across all states and territories, but in the more populated areas a number of schools have said, 'Yes, we want to be involved.' Again, we are not forcing this on the schools and after-school care centres that have responded. There has



been a good spread across all of the states and territories. We have staff in all of those regions and we are working with the state governments in all of those areas.

**Senator LUNDY**—Can anyone here tell me how many are in each state?

**Mr Peters**—As I said, I do not have it here on the brief but I can certainly provide that information.

**Senator LUNDY**—Where are they located in their respective places?

**Mr Peters**—The schools or the staff?

**Senator LUNDY**—The staff.

**Mr Peters**—We have negotiated in the majority of cases with the state departments. If we can we are accommodating them in the accommodation. We have just signed an agreement with Western Australia, so all the staff are in the regional offices in Western Australia. I know that in Victoria that was not possible in the metropolitan area because they did not have any space, so we had to negotiate separate accommodation. Wherever possible we have tried to put the staff in the appropriate state recreation and sport department.

**Senator LUNDY**—So are you paying rent on office space for coordinators?

**Mr Peters**—Yes. We are paying a fee to states that are accommodating us for the use of secretarial services and computers et cetera.

**Senator LUNDY**—Can you take on notice the details about the office space—where it is, the rent that is being paid and who it is being paid to?

**Mr Peters**—Yes.

**Senator LUNDY**—There are 123 regional coordinators. Is there another level up of state coordinators?

**Mr Peters**—Yes. Each state and territory has a coordinator.

**Senator LUNDY**—Have they all been appointed?

**Mr Peters**—Yes.

**Senator LUNDY**—Where are they located? Where is their office located in their respective state?

**Mr Peters**—Again, we have tried to put them in the appropriate sport and recreation office in the metropolitan area. When that has not been appropriate then we have negotiated another site within that city. Again, I can supply that information.

**Senator LUNDY**—Yes, if you could. What is the typical salary package for both a state coordinator and a regional coordinator?

**Mr Peters**—I would be guessing, so if I could take that on notice—

**Senator LUNDY**—Can you give me a ballpark figure?

**Mr Peters**—If I had to guess and not be held accountable for it, I would say that the state coordinators are on about \$60,000 or \$70,000, with their on-costs on top of that, and the

regional coordinators are probably around the mid-40s or 50s, and their on-costs with superannuation and—

**Senator LUNDY**—By on-costs you mean things like computers, travel allowance, phones—

**Mr Peters**—Leave loading, superannuation.

**Senator LUNDY**—Could you take that on notice to provide the detail, including all of their employment conditions—the value of that and the totals of costs associated with the employment of those people?

**Mr Peters**—Yes.

**Senator LUNDY**—How many schools and registered after-school care providers have actually registered an interest in the program?

**Mr Peters**—Around 2,600.

**Senator LUNDY**—Can you provide a list to the committee and also the location in a state-by-state breakdown?

**Mr Peters**—Yes.

**Senator LUNDY**—We have already talked about 22 or 23 of them starting in term 2—

**Mr Peters**—Term 1.

**Senator LUNDY**—Sorry, term 1, for the pilot. How many in term 2?

**Mr Peters**—One thousand.

**Senator LUNDY**—And then 1,500 in term 3?

**Mr Peters**—And then another 500, which will take it to 1,500.

**Senator LUNDY**—How many sports associations have registered an interest in participating in the program?

**Mr Peters**—We are still speaking to a number of sports. There has been great enthusiasm to be involved, but the idea of the program is initially to introduce young children to physical activity and mobility skills. Then if those children choose to learn a particular modified sporting skill the coordinator in the school will be the one who decides the activities in each term. What we are trying to do is not just target it at sporting kids who are already sporting; we want to attract those kids who perhaps are not physically active. We want to teach them mobility skills and game sense. Then if they choose that they want to do hockey, netball or whatever, there will be a negotiation between the coordinator of the school and maybe a private provider or maybe teachers who want to actually provide that service. It could be local sporting organisations. Obviously the issues to do with child protection are important so, for us, teachers delivering it, with the obvious checks, is much easier. One of the important roles of the coordinator is linking the school and the community together to respond to the preferences of the children who are in the program.

**Senator LUNDY**—So will the schools or after-school care providers be paid for participating in the program?

**Mr Peters**—Yes. Part of the program is a grant to the schools. At this stage it is up to \$9,000, to allow them to employ people and for them to have equipment. Again, it becomes an individual negotiation. Some states and territories have equipment grants in the education departments, so they are able to negotiate equipment around that. Some states have programs where food and so on can be supplied for the children after school. A lot of individual negotiations need to go on, but there is an amount of money—up to \$9,000 per school—to make sure that the program can be run.

**Senator LUNDY**—When will those payments start? For example, are the pilot schools participating in term 1 all receiving a grant?

**Mr Peters**—Yes, and that is part of the application form. That is, again, the link between the coordinator and the school.

**Senator LUNDY**—Is that \$9,000 an annual grant?

**Mr Peters**—Yes. It is for a year.

**Senator LUNDY**—So the schools can reapply?

**Mr Peters**—Yes.

**Senator LUNDY**—And can they apply for multiple years?

**Mr Peters**—Yes.

**Senator LUNDY**—What is the maximum number of years they can apply for?

**Mr Peters**—The program is a pilot. In terms of operational years, it is three years. We would hope that the success of the program will ensure its continuing presence.

**Senator LUNDY**—Did you hear that, Minister?

**Senator Kemp**—Indeed I did. I fully agree with it, too, Senator.

**Senator LUNDY**—Beyond the pilot phase, will the 1,000 that you are hoping to start up in term 2 all be able to apply for a three-year grant straight up? I guess it will be a 2½-year grant? I suppose that is how it works out. Is it a calendar year?

**Mr Peters**—It goes over three years, but it is over different financial years.

**Senator LUNDY**—So does the three years start this forthcoming financial year or did it start last financial year?

**Mr Peters**—As I say, we have renegotiated the amount of money, so for those schools in term 2 the money is actually being allocated from this year and then we look to extrapolate that. At the moment they apply for one year on the basis that if the program is there they are a part of it. For some of the schools this is an experiment as well. The reason we are so pleased with the response is that we thought a lot of people might sit back and wait, but there is incredible enthusiasm out there.

**Senator LUNDY**—Just to get that clear, they start off for a year with the possibility of continuing that funding for two years beyond that year? Or will it be back to 1½ years or just one more additional year because we are nearly finished the first financial year?

**Mr Peters**—The program goes through to 2007-08.

**Mr Espeland**—It has funding over four years, but the actual program is over the three calendar school years.

**Senator LUNDY**—So if they start in term 2 will they finish at the end of term 1 in the third year, or will you go for the calendar year?

**Mr Espeland**—For the calendar year, yes.

**Senator LUNDY**—So they will operate for less than three years?

**Mr Espeland**—As Mr Peters said, the funding is per annum. That is over—

**Senator LUNDY**—I understand. I am just getting my head around it. What are the acquittal processes for the grants?

**Mr Peters**—For the schools?

**Senator LUNDY**—For schools.

**Mr Peters**—They fill out a fairly extensive application form and then against the funds they are allocated they will provide acquittal to the regional coordinator. That will then go to the state committee so that there is a record of all the expenditure within each state or territory. Then that comes back to the commission.

**Senator LUNDY**—And how will you collate the participation numbers? From those documents?

**Mr Peters**—Associated with the program there is a major research study. We have gone to tender on that research study. It will be a very extensive study because, as you probably appreciate, if you have one child attend just one term you could play a statistical game that would look very good. We want to track children who have been exposed to the physical activity—what their experience has been and whether they come back for the next term and the next term. So there is a very extensive research project being done by an independent firm and, as I say, we are in the tender process at the moment.

**Senator LUNDY**—What additional financial resources is the ASC putting in beyond the grants?

**Mr Peters**—At the moment we have earmarked around \$2 million to \$3 million a year to help supplement the program. Some of that is covering some of our internal staff costs as well. Obviously the HR recruitment was an enormous exercise—looking after that number of staff, the IT requirements and so on. Some of the things we have absorbed in the budget, but we have also looked at some of the participation programs we have. We have been able to identify some money. Some of the targeted sports programs have come to a conclusion, so we have been able to transfer some resources across to make sure that this program has every chance of being successful.

**Senator LUNDY**—What financial arrangements will there be for sporting organisations who take part in the program? Will they receive a grant as well?

**Mr Peters**—No. They will receive funds from the school allocation. So if the coordinator with the school determines that tennis will be one of the sports then the coordinator in the school will sit down and decide whether that sport will be introduced to the children through

teachers, who may need to go through some coaching—a level 1 coaching course or something like that—so that they can deliver it at school. Another option is a private provider. There are a numerous number of private providers out there who want to, for a fee, get involved in the school. The third option is the local sport and recreation groups. They may well be able to, with the appropriate checks, be the ones that supply the service. So there is no grant to a national sporting organisation because it needs to be at the community level.

**Senator LUNDY**—So there will not be targeted sports where you enter into an arrangement with the national sporting organisation to provide services?

**Mr Peters**—No. This is very much a grassroots, school-level program. We think it is important to have the community involved at that level. Certainly the national sporting organisations have been enthusiastic in promoting it, but there is some difficulty in national sporting organisations getting down to that very grassroots level.

**Senator LUNDY**—You said something earlier about equipment. Is it possible for the schools or after-school care providers to expend some of their grant on equipment?

**Mr Peters**—Yes. Also, as we have found, some have been able to negotiate with their local suppliers and actually get equipment free. So there are some really nice stories starting to happen.

**Senator LUNDY**—I would just like to ask a few questions about the targeted sports program. How are participation rates measured under this program?

**Mr Peters**—Overall, when we go into negotiation with a sport we sit down with them and look at what their memberships are at the moment. For some sports that is very difficult, but they need a start figure. We agree on a start figure and look at how they are going to record the number of young people involved in their programs, and they set targets each year. We review at the end of the year whether that target has been achieved or not. They have to tell us how they are going to effectively measure whether there has been an increase or not. We have to take some of that on faith, but we expect them to honestly report back to us as to what their achievements have been. Some sports have not been able to achieve their targets and we have either renegotiated with them or given them some leniency in terms of how they enhance their program.

**Senator LUNDY**—There are 21 sports involved?

**Mr Peters**—Yes. There is a combination of baseball and softball. They are counted as one.

**Senator LUNDY**—Are you able to provide the committee with the base level figures and their results, having participated in targeted sports?

**Mr Peters**—Yes.

**Senator LUNDY**—Could you take that on notice?

**Mr Peters**—Yes.

**Senator LUNDY**—I am sure you are measuring this as well, but also provide in those numbers the separation between junior members and adult participants.

**Mr Peters**—Across all sports or across just those in targeted sports?

**Senator LUNDY**—Just those in targeted sports, so just related to the targeted sports program. I am just trying to get a picture as to how successful targeted sports is being, at least on your acquittal methodology.

**Mr Peters**—Yes.

**Senator LUNDY**—As a general rule, is paid-up membership the way in which participation is measured?

**Mr Peters**—Within sporting organisations, yes. One of the challenges for sport at the moment is that there are a great deal more costs being put on sports for the upkeep of their facilities. It used to be—it may still be in some locations in Australia—that local government mowed ovals and so on. That is no longer the case in numerous areas. So capitation fees become an important part of a local club's survival. A realistic way of assessing whether there has been a growth in a sport is to look at the growth in registered members, because they are paying capitation fees. Capitation fees are important, too, for registered members because of issues of insurance. It is important for a state and regional body to know who is playing their sport at a level—

**Senator LUNDY**—By 'capitation fees' you mean the fees paid by the local body to the higher body?

**Mr Peters**—No, individuals.

**Senator LUNDY**—So membership fees?

**Mr Peters**—Membership fees are known as capitation fees. For insurance purposes and for estimation of real growth they are the figures we rely on.

**Senator LUNDY**—And is that true for all of the 21 sports?

**Mr Peters**—Yes. That is our expectation. There are some, like Auskick, that have looked at their participation numbers in terms of who actually goes to the clinics, and they are looking at how they pick up those figures of those going on into clubs. Some sports are not where we would like them to be, but the AFL have done a really good job of tracking, as have other sports. I think the beauty of the targeted sports program is that we are able to have some sports learn from other sports about how to do these sorts of things.

**Senator LUNDY**—Can you also provide the committee with the target figures that were set by the commission when the original agreements were put in place?

**Mr Peters**—Yes.

**Senator LUNDY**—What new sponsorship has been gained by each of the sports, given that targeted sports was about government support and corporate sponsor arrangements?

**Mr Peters**—In round figures, about \$11 million has been identified across the various sports. Again, we can supply that information as a breakdown.

**Senator LUNDY**—Could you provide the details of the name of the sponsor, the duration of the sponsorship and the amount associated with each sport?

**Mr Peters**—Yes.

**Senator LUNDY**—I have some questions in relation to drugs in sport. Have all AIS athlete scholarship agreements been amended to include a provision allowing for random room searches at AIS residential and training facilities?

**Mr Peters**—Yes, they have.

**Senator LUNDY**—When was it approved by the Sports Commission board and from what date was it operational?

**Mr Peters**—It was considered at the December board meeting and operational from 2005. As the athletes have come into the program they have been signing the new agreements.

**Senator LUNDY**—What about existing scholarship agreements?

**Mr Peters**—Similarly, all new agreements have been or are being signed. Some athletes are just coming into camp, so the expectation is that all athletes will have signed the new agreement—new scholarship holders or existing ones.

**Senator LUNDY**—Could you say that again? Existing AIS scholarship holders—

**Mr Peters**—Will all be required to sign a new scholarship holder agreement including those clauses.

**Senator LUNDY**—By when?

**Mr Peters**—We are doing it as soon as we can, so as athletes are coming in we are getting them to sign the new agreement.

**Senator LUNDY**—What do you mean by ‘coming in’?

**Mr Peters**—When they come into the program. Some programs started in January. Some athletes have gone away over December for holidays and have come back into the program in January. Some are coming back into camp formats now, so as soon as we have the athletes physically with us or in a camp structure we are getting them to sign the scholarship agreements.

**Senator LUNDY**—Is a copy of the amended agreement available on the ASC or AIS website for the information of all athletes and sports associations?

**Mr Peters**—Of the actual scholarship agreement?

**Senator LUNDY**—Yes.

**Mr Peters**—It is on the commission’s intranet so it can be accessed by all people, but it is not on a public website.

**Senator LUNDY**—What efforts have you gone to to inform existing and potential scholarship holders about these new provisions in their contracts?

**Mr Peters**—We continually, with ASDA, run education programs. We also, with our coaches, have reinforced what is happening. So all of the athletes would be aware of exactly what their requirements are. For some, you know, we are including more stringent education proposals, particularly those that are outside of the Canberra base where they have constant contact with our people.

**Senator LUNDY**—What procedures have been developed to undertake random room searches of AIS facilities for evidence of the use of banned substances? For example, did the AFP have any involvement? Did ASDA have any involvement in the preparation of these procedures?

**Mr Espeland**—We are still in the process of discussions with the agencies you mentioned, amongst others, developing those procedures.

**Senator LUNDY**—So when will they be developed?

**Mr Espeland**—As soon as possible.

**Senator LUNDY**—When? Two weeks, a month, six months?

**Mr Espeland**—I think you would have to say it would be probably a month or so. There are some very complex issues—I am sure you would appreciate that—and—

**Senator LUNDY**—So no random room searches will be happening in between now and then?

**Mr Espeland**—Until those protocols are properly developed and in place, yes.

**Senator LUNDY**—Will those procedures be available in writing and publicly?

**Mr Espeland**—We would certainly look to that. Yes, I think everyone should know what those procedures are.

**Senator LUNDY**—Obviously the athletes and all the staff would be advised, but again it is the issue of potential athletes and the broad AIS community having an understanding of the rules. Could you take on notice for both of those—with respect to the agreement, or the contract terms and a copy of the procedures when they are available—to make sure copies are provided to the committee.

Minister, when are you going to announce the government policy in response to the discussion paper about proposed legislation affecting Australian arrangements for the investigations and hearing of sport doping allegations?

**Senator Kemp**—Senator, as you know, there has been fairly extensive consultation. There would have been a variety of views put to the department. I have had a number of discussions with the department and key agencies about the model that we will adopt. The government has not finalised its position yet on this matter, but I would hope to finalise it fairly soon. I would be a bit loath to put a date on it, but it obviously is a matter of some urgency. Once we have decided on the model it may well involve legislation, so we clearly have got to move as quickly as we can on it.

**Senator LUNDY**—Do you expect to have that finalised before the budget?

**Senator Kemp**—Do you mean to have the model finalised or to have any relevant legislation through the parliament? I think it would be very hard to do that by a date.

**Senator LUNDY**—I suspect the former.

**Senator Kemp**—Yes, I would hope to have it finalised by then.

**Senator LUNDY**—So we can expect legislation in late July or August?



**Senator Kemp**—Our intention would be to do it as soon as we can do it. The bill has to be drafted—if it requires a bill—and then you have to, of course, get a slot, but obviously from our point of view and my point of view it should be done sooner rather than later.

**Senator LUNDY**—Has the Sports Commission—AIS—established clear policies for athletes in relation to the practice of self-injecting approved supplements and other substances?

**Mr Peters**—Yes, we have formalised our policy about injection, and that is it is not acceptable except in some cases with medical supervision.

**Senator LUNDY**—So you are not allowed to inject anything?

**Mr Peters**—That is right, not without medical approval.

**Senator LUNDY**—In terms of the development of these policies, what has the response been, or the involvement of national sporting organisations whose policies we know have a huge impact on your ability to ensure that there are no drugs in sport?

**Mr Peters**—There are two things. One, we put out guidelines. The AOC— and Professor Fricker, who was a chief medical officer for the AOC—picked up on the non-injection policy, which is across all sports in the Olympic Games, and all the NSOs are well aware of that. There may be some debates—I am sure there are out in the community—about injection of vitamins, but we are being, I guess, very conservative in our approach.

In terms of antidoping per se, there is enormous work that has been done for a long time by ASDA and ourselves, and in conjunction with WADA we now have templates for national sporting organisations. We run education sessions for them. We actually now approve their antidoping policies to make sure that they are compliant.

**Senator LUNDY**—Given the relationship between the Australian Sports Commission and the national sporting associations or organisations, are you able to report any non-compliance of obligations under those agreements in relation to drugs in sport?

**Mr Peters**—Again, there are two processes. With ASDA we run the assessment process with sports. We do that on a regular basis where we look at sports—those that are at risk, those that we believe are doing a good job. So we regularly sit down with all NSOs and ASDA and go through that process and try to help those sports that are, on some issues like athlete identification, perhaps struggling.

The second issue is the very important one about signing up to the WADA code. Some of the professional sports are still struggling with that concept. Some of their player unions are not perhaps as informed at the moment, and we are continually talking to them about the absolute non-negotiability about signing up to the WADA code and having antidoping policies that are compliant. A number of those sports, we would hope, by June are in a position to sign. Again, these are professional sports. Some have not signed. The International Cricket Council have not signed yet, but we understand they are close to signing, and in sports like AFL and Rugby League, who do not have international bodies. In the Olympic movement, they are also trying to find out where they sit in this, with players' associations concerned about natural justice and rights.

So, again, when David Howman from WADA was out here late last year the department, ourselves and ASDA organised a meeting of the professional sports with David in Melbourne to go through exactly what the issues were, and we are continuing to communicate with them.

**Senator LUNDY**—Are there any sports that have failed their obligations to the Australian Sports Commission under their funding agreement in relation to their antidrugs policies?

**Mr Peters**—They have not failed to the point that we would threaten to withdraw their funding. Some sports, through this assessment process, are struggling with athletes' whereabouts, particularly sports that have athletes in Europe that may be competing in one event one week and suddenly get an invite to go somewhere else, and that is a real issue that we are all working very hard with those sports on. So, overall, we believe that the sports are trying to address what is a very difficult issue for them, and I have been quite pleased with the response, given that some of the smaller sports have hardly any resources and for them this is an enormous task, and that is why we are developing templates and meeting with them on a regular basis.

**Senator LUNDY**—Can you name the sports that are struggling to meet the athletes' whereabouts requirements and therefore technically not conforming with their obligations?

**Mr Peters**—Our last assessment done jointly with ASDA had five sports that we classed as sports of concern, being the Confederation of Motor Sport, cricket, motorcycling, BMX and weight lifting. BMX are having a problem with their athlete whereabouts. They have competitions all over the world. So we are working with them, and we believe they are now being brought into the cycling fraternity as a part of cycling, so we believe we can help them there. CAMS' out of competition registering of an athlete's whereabouts is an issue, but again we are working through with them, and they have been very cooperative. Even though the international body have not signed and say they will not sign to the WADA code, they want to and they want to be part of the system.

With cricket we had some issues with their AS men's program, but again ASDA has held meetings with their head coach, and I understand that has now been sorted out. That may be an issue of perhaps not paying attention to some detail. This is as at the last assessment we did late last year.

Motorcycling has no out of competition register and no provision for ASDA athletes' whereabouts either, so we are working with them. Similarly, with weight lifting we have had all sorts of problems, particularly with some of the training regimes in Europe. We are continuing to work with them to make sure athletes' whereabouts becomes a prominent part of their policy.

**Senator LUNDY**—I have just a quick question about the AIS campus in Canberra. I understand that a security review and risk assessment has been undertaken. Are you able to give a brief summary of the results of that assessment and provide—if you can do it quickly—the recommendations contained in that report or provide the report and recommendations to the committee?

**Mr Peters**—Yes, I can do that. So you are asking me to briefly summarise what the outcomes were?

**Senator LUNDY**—Yes.

**Mr Peters**—There were two reviews: one was the responsibilities we have to the athletes while they are actually in the residences, which comes down to the way our houseparents work and our supervisors work and whether there is a better way to do it. That has resulted in us employing a counsellor, because there are a lot of issues for our younger athletes. So we have a full-time counsellor now that they can access. That takes some of the responsibility away from our sports psychologists who are often about team dynamics and all of that.

There is also a bigger security issue of the whole site. Sadly, the terrorism issue is a real issue that we have had to address. So as part of our redevelopment of the entire site—the beauty of the AIS is that the various facilities and meeting rooms have been open to the public of Canberra to use—there is a series of recommendations that we are presently looking at, that are in the order of a few million dollars, and that talk about fencing.

**Senator LUNDY**—You are factoring that into your redevelopment?

**Mr Peters**—Yes, and it will be a financial issue for us. We are just working through that with our architects and everything at the moment because, as I say, it is not cheap. It is not about putting barbed wire fences around the entire site, but it is limiting vehicle access through different barriers. There were two studies done and they have implications. Certainly, in relation to our obligation to athletes and the care of athletes, we are implementing those recommendations, but I am happy to provide the outcomes of those reports.

**Senator LUNDY**—Are you going to get any additional funding from the government to implement those recommendations or do you have to do it within your existing budget?

**Mr Peters**—At the moment we have not approached the minister or government, but good policy always requires funding.

**Senator LUNDY**—Indeed it does. Minister, over to you. Are you sympathetic?

**Senator Kemp**—Of course, as you know—

**Senator LUNDY**—Not to put you on the spot or anything—

**Senator Kemp**—Not at all on the spot. As you know, I am always sympathetic to the Sports Commission and I am always concerned about security. We will just wait to see what submissions come forward to the government.

**Senator LUNDY**—Indeed, but that is potentially resolved at the forthcoming budget?

**Senator Kemp**—Let us see when the submission is brought forward. Let us hope that that road is not causing any security issues, either.

**Senator LUNDY**—I am sure that it will enhance security.

**Senator Kemp**—I am not sure that is the case, but anyway, we shall wait and see.

**Senator LUNDY**—I have a question that relates to the redevelopment of Whitten Oval. What process is being undertaken to meet the Howard government commitment to provide \$8 million towards that redevelopment?

**Mr Lyons**—There are a number of sporting facilities where there are election commitments and government funding and Whitten Oval is one of them. The department has met with a number of sporting organisations.

**Senator LUNDY**—So have you met with the Bulldogs football club and the local government?

**Mr Lyons**—We are meeting with them on Friday week.

**Senator LUNDY**—So you have not met with them yet?

**Mr Lyons**—We have written to them and we have sought information from them and we are expecting to get that information at a meeting—

**Senator LUNDY**—It is a long time since the announcement was made. Why the delay?

**Mr Lyons**—I think we wrote to them in December—late December—and we have been progressively meeting with a number of the sporting organisations. There is quite a task ahead of us; we realise that.

**Senator LUNDY**—Who are you meeting with next Friday?

**Mr Isaacs**—I am meeting with Mr Campbell Rose next Friday week and I believe that there will be one other from the Western Bulldogs Football Club, but their principal will be Mr Rose.

**Senator LUNDY**—And the local council, the city of Maribyrnong; have you met with them yet?

**Mr Isaacs**—No, I have not met with the local council. We certainly indicated when we issued the invitation to Mr Rose to meet that it would be useful if the local council was in attendance. I would need to confirm if other local councils are going to be in attendance at the meeting on Friday week.

**Senator LUNDY**—What is the funding source for this project in terms of portfolio budget statements—

**Mr Lyons**—It is mentioned on page 25 of the additional estimates in variations to outcomes. All of those sporting facilities are identified there and they have been approved by the government for funding through the additional estimates process to implement the government's election commitments.

**Senator LUNDY**—This funding presumably is available now for those projects to proceed? If it is in 2004-05, I would presume—

**Mr Lyons**—It has been approved as part of the additional estimates process.

**Senator LUNDY**—So \$4 million is available in this financial year and \$4 million in the next financial year?

**Mr Lyons**—Yes.

**Senator LUNDY**—Are you still on target to have it completed by December 2006?

**Mr Isaacs**—I would need to establish that once I meet with the proponents of the proposal on Friday week but, as you say, we have got \$4 million available in 2004-05 and another \$4 million available in 2005-06.

**Mr Lyons**—I should also make the point that we could not really enter into any binding commitments until we had this funding through the additional estimates process.

**Senator LUNDY**—Right. I think it was a political commitment to have it completed by then, so I am just trying to match up the logistics—

**Senator Kemp**—I think that it was a bipartisan commitment, if I remember rightly.

**Senator LUNDY**—With that commitment, is the government considering any conditions or special arrangements in relation to this funding?

**Senator Kemp**—What did you have in mind?

**Senator LUNDY**—Any conditions attached?

**Mr Lyons**—When we have got all the information from the proponents we will make sure that we have appropriate accountability mechanisms in the funding deeds and appropriate performance measures.

**Senator LUNDY**—Then I will ask about it at the May estimates.

**Senator Kemp**—We stand warned.

**Senator LUNDY**—There will be some questions that I will be placing on notice because I have truncated enormously my questions. So thank you.

**Senator Kemp**—Thank you. Can I just put a question on notice myself to the committee?

**Senator LUNDY**—It always makes your officials nervous.

**Senator Kemp**—I am very concerned really about the scheduling which has occurred today. I know that sometimes this is not the responsibility of anybody, but I have had people here from 9 o'clock in the morning. I have had people flying down from Sydney not being called. I have been on these committees and I understand the complexities of them, so I am not trying to score big political points off this, but I do think that we have to look at the scheduling of these arrangements and as much as possible beforehand give an indication. For example, if we had known that we were going to start sports questions when we did, frankly, Mr Peters and his team, as our officials from ASC, could have completed a full day's work before they appeared before this committee. I just think that in terms of the consideration we have for officers—many of them highly paid—we should have a careful think about how we schedule these meetings. I am not trying to stop anyone asking anyone any questions. In fact, the committee is quite entitled to call on who they like, but I do think that we want to avoid circumstances where we have the Film Finance Corporation flown down from Sydney and they spend the whole day here not being called. We had Old Parliament House people here most of the day, from memory—the National Portrait Gallery.

**Senator LUNDY**—It is a long walk.

**Senator Kemp**—Mr Chair, I know that you rule the roost very firmly, but if you would not mind, before the next committee that we try to work out some scheduling which gives people more time and more notice to officers.

**CHAIR**—I think they are comments worth making because, in fact, we have been a long way behind in this lot of estimates. I think some thought needs to be given to the fact that these are only two-day estimates and, accordingly, if it is proposed to go through so many programs—and remember that programs are invited to attend at supplementary and additional estimates—then there has to be a little more prioritisation of the issues that each program and agency will be asked about so that there is a short focus on a couple of issues. Otherwise we will end up in the situation again where we are today, where we have been a long way behind and people perhaps have forgotten that this is only a two-day set of hearings rather than a week's set of hearings. That kind of issue is quite important.

**Senator Kemp**—My experience is that there is always a surplus of questions. It really is up to the committee, to the extent it can, to set clear times, or at least indicative times. If the committee changes its mind then it changes its mind, but it gives a better indication so that senior officers from our authorities and the department can better plan their day. Anyway, I will leave that with you, Mr Chairman.

**CHAIR**—Thank you for your comments, Minister. Thank you for being here. We thank the sports agencies for being here as well.

[8.05 p.m.]

**ENVIRONMENT AND HERITAGE PORTFOLIO****In Attendance**

Senator Ian Campbell, Minister for the Environment and Heritage

**Department of the Environment and Heritage****Executive**

Mr David Borthwick, Secretary  
Ms Anthea Tinney, Deputy Secretary  
Dr Conall O'Connell, Deputy Secretary  
Mr Howard Bamsey, Deputy Secretary

**Approvals and Wildlife Division**

Mr Malcolm Forbes, A/g First Assistant Secretary  
Ms Lynden Ayliffe, A/g Assistant Secretary, Environment Assessment and Approvals Branch  
Mr Mark Flanigan, Assistant Secretary, Policy and Compliance Branch  
Ms Anne-Marie Delahunt, Assistant Secretary, Wildlife Conservation Branch  
Mr Ian Cresswell, Assistant Secretary, Wildlife Trade and Sustainable Fisheries Branch

**Corporate Strategies Division**

Mr David Anderson, First Assistant Secretary, Corporate Strategies Division  
Mr Peter Woods, Assistant Secretary, Knowledge Management and Education Branch  
Mr Peter Brent, Director, Finance Reporting Section  
Mr Stephen Mayes, Assistant Secretary, Financial Management Branch

**Heritage Division**

Mr David Young, First Assistant Secretary  
Dr Barry Reville, Assistant Secretary, Heritage Assessment Branch  
Mr Theo Hooy, Assistant Secretary, Heritage Management Branch

**Industry, Communities and Energy Division**

Dr Diana Wright, First Assistant Secretary  
Ms Shayleen Thompson, Industry Partnerships Branch  
Mr Gene McGlynn, Assistant Secretary, Energy Efficiency and Community Branch  
Mr Gerry Morvell, Branch Head, Energy Futures Branch

**International Land and Analysis Division**

Mr Ian Carruthers, First Assistant Secretary  
Ms Jo Mummery, Assistant Secretary, Land Management and Science Branch  
Mr Greg Picker, A/g Assistant Secretary, International Strategies Branch

**Land Water & Coasts Division, Coasts and Water**

Mr Tony Slatyer, First Assistant Secretary, Land, Water and Coasts Division  
Dr Rhondda Dickson, Assistant Secretary, Natural Resource Management Policy Branch  
Mr Mark Carruthers, Director, Strategic Management Section

**Marine Division**

Mr Max Kitchell, Director  
Mr Stephen Oxley, Assistant Secretary, Marine Policy Branch

**Natural Resource Management Programmes Division**

Mr Mark Tucker, First Assistant Secretary, Natural Resource Management Programmes Division

Ms Kelly Pearce, Assistant Secretary, Australian Government Natural Resource Management Team

**Parks Australia Division**

Mr Peter Cochrane, Director

Mr Darren Schaffer, Business Manager, Business Management Section

**Policy Coordination and Environment Protection Division**

Mr Phillip Glyde, First Assistant Secretary, Policy Coordination and Environment Protection Division

Mr Kevin Keeffe, Assistant Secretary, Communications and International Branch

Mr Mark Hyman, Assistant Secretary, Environmental Protection Branch

Mr Peter Burnett, Assistant Secretary, Environment Standards Branch

Ms Kathleen Mackie, Assistant Secretary, Policy Development Branch

**Great Barrier Reef Marine Park Authority**

The Hon Virginia Chadwick, Chair

Mr John Tanzer, Executive Director

Mr Andrew Skeat, Executive Director

Mr John Barrett, Director, Corporate Services

Mr Michael O'Keefe, Manager, Parliamentary and Ministerial Liaison

**Office of the Renewable Energy Regulator**

Mr David Rossiter, Assistant Secretary

Mr Amar Jot Singh, Acting Office Manager, Office of the Renewable Energy Regulator

**Sydney Harbour Federation Trust**

Mr Geoff Bailey, Executive Director

**Bureau of Meteorology**

Dr Geoff Love, Director of Meteorology

Dr Louise Minty, Superintendent, Coordination and Information

**CHAIR**—I welcome the Minister for the Environment and Heritage and the officers from the Environment and Heritage portfolio to this session, the last section of our estimates.

**Bureau of Meteorology**

**Senator WEBBER**—I thought I might start with some general questions. I am very new to this portfolio, so if I ask the wrong question of the wrong agency or the wrong division pick me up straight away and I will try again somewhere else, because this is the first time I have appeared here. But I know who the Bureau of Meteorology are, so I know I can start with strength.

**Senator Ian Campbell**—It is the first time the minister has been here, too.

**Senator WEBBER**—We can learn together as fellow Western Australians. I thought I might start, before I turn to some detail on the additional allocation, by briefly asking some general questions about whether the bureau undertook any role in the recent tsunami disaster in the Indian Ocean. Were you involved in any way? Can you give me an overview?



**Dr Love**—The bureau does have a role in providing warning to the community. In fact, we did provide warning to the Western Australian community through our regional office. Warnings were provided to the State Emergency Service, to the police departments up and down the coast and to the private sector as well—to the offshore oil industry. In fact, I believe that they undertook some actions to mitigate any potential damage from the tsunami.

**Senator WEBBER**—Were you involved in any international communication or was it just your own forecasting?

**Dr Love**—I guess the way the system works is that we receive the advices from the Honolulu warning service. We have responsibility for the east coast of Australia, but officially there is no warning service for the west coast.

**Senator WEBBER**—That is something the minister might like to pursue. We do not like to be unwarned on the west coast, do we, Minister?

**Dr Love**—Of course you in fact are not unwarned. The Honolulu centre does not officially extend its activities into the Indian Ocean but it has the capability to detect underwater earthquakes essentially globally. When we got the advice we acted on that advice, as you know. We followed through, if you like.

**Senator WEBBER**—When were you first advised?

**Dr Love**—The first advice was probably within about 12 minutes of the event. I cannot recall the precise wording, but an email was sent to us which essentially said, 'earthquake detected at' and it gave a latitude and longitude. It said, 'No tsunami expected in the Pacific Ocean.' That is their responsibility. They tried to phone our office—and I have spoken to them about this—but our phone was engaged at the time so they did not get through. I think a couple of hours later they sent out a second advice saying virtually the same thing—that is, that there had been another quake but still no tsunami was expected in the Pacific.

About four hours after the event two things happened. Our tide gauge which the bureau runs at Cocos Island detected about a half-metre wave. At the same time they had heard on the media of anecdotal reports of devastation on the Indonesian coast. At that point they sent out another advice, which we received in Melbourne and sent through to Perth. Within about 30 minutes we had warnings out. That was the sequence of events. When we received that advice it still was not clear what was going on. Our people in Perth rang Emergency Management Australia and then decided they should act and issue warnings.

**Senator WEBBER**—That would have been about five hours?

**Dr Love**—I think it was 40 minutes from us getting some sort of advice that something was going on but four hours and 40 minutes after the initial event.

**Senator WEBBER**—And nowhere in that advice were you ever told about what to expect in the Indian Ocean, purely the Pacific Ocean?

**Dr Love**—Yes, because Honolulu's ambit of authority is essentially the Pacific.

**Senator WEBBER**—I accept that that seems to be one of the problems with the whole system.

**Dr Love**—I think it is fair to say that the Pacific system is coordinated by the Intergovernmental Oceanographic Commission. We are a part of that system for the east coast. We had been encouraging the Indian Ocean region to form a similar warning service for a number of years. In fact, Indonesia and Australia had been encouraging the countries of that region to do something but other countries had not been so keen to go that way. There was a bit of divergence of opinion in the Indian Ocean region as to what should be done before the Boxing Day disaster.

**Senator WONG**—Is there no capacity for another line?

**Dr Love**—We do have quite a number of lines. There were people there. I said to them that they made one call and the phone was engaged and they did not try again. That was Honolulu's follow-through.

**Senator WONG**—I presume there would have been people in your office with sufficient expertise who would have considered the possibility of some problem in the Indian Ocean as a result of the information that was provided?

**Dr Love**—I think that is true. There are quite a number of tsunami warnings issued for which nothing happens.

**Senator WONG**—But one was not issued until the warnings were issued in Western Australia five hours later.

**Dr Love**—The Honolulu centre puts out lots of warnings every time a seismometer goes up and down. They triangulate from a number of places and they say, 'That is an underwater event. It is a potential tsunami generator.' They will issue a warning. Then they will look at tide gauges or buoys to see if the ocean is bouncing up and down. If it is not then they issue a recall. About 80 per cent or more of all the warnings they issue are recalled later on the basis of lack of confirmatory evidence. Essentially they are the experts in Honolulu. When they issue advice that an earthquake has been detected but it is not going to generate a tsunami we follow that advice.

**Senator WONG**—But the advice was for the Pacific?

**Dr Love**—Yes, the advice was for the Pacific.

**Senator WONG**—Can we go back to my original questions. Presumably there are people within your bureau who would have been alert to the possibility that a tsunami may not have been possible in the Pacific but might be possible in the Indian Ocean as a result of what had been recorded; is that correct?

**Dr Love**—I think when I read it after the event I realised the significance of saying 'in the Pacific'. At the time I suspect my guys and girls on shift got the information and said 'There is not a tsunami' and did not pick up the fact that really all they were doing was looking after their interests in the Pacific. The other thing that occurred was that they had trouble identifying quite where it was. Initially they thought it was onshore and then it would not generate a tsunami. There was quite a bunch of errors in locating it.

**Senator WONG**—When was it determined it was not onshore?

**Dr Love**—I think people probably were aware that it was offshore once the Cocos Island tide gauge went up and down. At that point people moved into action.

**Senator WONG**—And that was after about how many hours?

**Dr Love**—That was four hours later.

**CHAIR**—Four hours later?

**Dr Love**—That is how long it took the wave to propagate from Sumatra essentially across to Cocos Island.

**CHAIR**—I heard it was travelling at about 400 kilometres an hour. Is that correct?

**Dr Love**—I would have thought it was travelling a bit faster than that. I have not done the exact calculations. I would have thought it was probably between 800 and 850.

**CHAIR**—So it covered 3,200 kilometres in that time?

**Dr Love**—Yes.

**Senator Ian Campbell**—It affected Rottneest on the same day.

**Senator WEBBER**—And Exmouth. Is the bureau the lead agency in Australia for tsunami alerts or is there somebody else I should talk to?

**Dr Love**—We have the responsibility for issuing tsunami warnings and advices and whatever. There is a three-way partnership between us and Emergency Management Australia—and we advise them and they do what coordination they have to do in terms of alerting their networks—and Geoscience Australia. It is essentially a group where we go to confirm the seismic information. We are now looking at upgrading those arrangements and tightening them up. Geoscience Australia does not run a 24/7 shop, which the bureau does. On days like Boxing Day there is nobody to really go to. We are looking now at how to rectify those sorts of issues.

**Senator WEBBER**—How long has the bureau been encouraging other countries to develop an early warning system for the Indian Ocean?

**Dr Love**—Probably for the last three or four years we have been in the IOC framework pushing that. Quite clearly now it is going to happen. There is tremendous momentum. It is unfortunate that it takes such a disaster to get us to that point.

**Senator WEBBER**—I think I interrupted you when you were talking about the steps the bureau undertook after it was detected. Who else did you contact apart from the offshore oil industry?

**Dr Love**—I believe we contacted Geoscience Australia first and we tried to get some confirmation of the seismic event. Essentially, that then caused an officer—it was Boxing Day and he was at home—to go in and have a look at the data. We also contacted Emergency Management Australia, because there is just a manual of people we have to contact. We just started working through the pro forma, if you like, of the things we had to do.

**Senator WEBBER**—There were media reports about how it was detected by American agencies and they had attempted to contact to Indonesia but could not get through, so they contacted people in Australia. Was that you or was that another agency?

**Dr Love**—That was us. That was the bureau.

**Senator WEBBER**—So then did the bureau try to contact Indonesia?

**Dr Love**—No, I do not believe we did.

**Senator WEBBER**—So we just left them to their own devices?

**Dr Love**—Yes. I guess we understood that that was part of Honolulu's deal. I think in our discussions we were aware that they had been trying. Their communications are the same as ours essentially. We have the meteorological networks and then we have the public telephone. That is what they have; that is what we have. It is a fairly tight network in the sense that it is a very special day the day after Christmas, even in a Muslim country. People had been trying and not succeeding, and our guys had a bunch of things to do then for Australia. It is always a balance. If you know that you can have some effect here, you get on and do that when you know that something else has been tried and has not worked.

**Senator WEBBER**—So did you get any feel when there was contact from Honolulu that they would continue to try to contact the Indonesians, or did we all just get an engaged phone line and forget about it?

**Dr Love**—Once they had seen the tide gauge and started to get the anecdotal reports, they really did work hard at trying to contact whoever they could. It is quite clear to me from talking to the Honolulu people that the place was bedlam once they figured out what they had on their hands.

**Senator WONG**—Dr Love, you just answered Senator Webber and said the bureau was the contact point for Honolulu in the attempt to contact the Indonesian and other authorities. I presume therefore there was actually contact subsequent to the first engaged phone signal.

**Dr Love**—With us?

**Senator WONG**—Yes. So when was that contact made?

**Dr Love**—I think the first engaged phone signal was quite early in the piece, and then I believe they got through to us at the four-hour period when they had seen the tide gauge go up and down.

**Senator WONG**—So they did not attempt to contact you?

**Senator WEBBER**—So they kept trying between the 12 minutes after—

**Dr Love**—They did not keep trying. They only made two attempts. One was right at the beginning and then one after they had seen—

**Senator WEBBER**—Then they waited four hours?

**Dr Love**—Yes, after seeing the tide gauge. At that point they did get through to us. In fact—

**Senator WEBBER**—Not much of an early warning then, is it?

**Dr Love**—There is a website in America with a log of the calls they made. In fact, I have checked that and talked to them about the details of that.

**Senator WEBBER**—So how are things progressing now with the establishment of an Indian Ocean early warning? I know the government said it is now a priority, which I am pleased to hear, being a West Australian.

**Dr Love**—Sure, and I guess two things are happening. In the short term I think everybody is very sensitised—clearly everybody is very sensitised—particularly Geoscience Australia. Our officers and the Geoscience Australia officers are working very closely together to make sure that in the interim we do as well as we can with what is in place, and we are developing a proposal which we hope can go to government very shortly as to how we can build a better system. It cannot be done instantly, but we will put a proposal forward.

**Senator WEBBER**—Are you confident that you have all of those countries that were not supportive in the first place on side now?

**Dr Love**—There is an Intergovernmental Oceanographic Commission meeting in Paris in the first week of March. At that meeting essentially the players from the region plus the major developed countries that have an interest such as Japan, the US, Germany and France will all get together and look at the scientific design of the system but, more importantly, I think, look at the arrangements for exchanging seismic data to underpin the system. That is pretty important, and that will happen. Subsequent to that, there will be follow-up meetings to put in place firm arrangements to implement a regional system.

**Senator WEBBER**—So is the bureau going to be represented in Paris?

**Dr Love**—Sure. The Australian representative to the Intergovernmental Oceanographic Commission is a bureau employee.

**CHAIR**—Is one of the problems really that the Pacific nations are used to talking to each other through APEC and so on and so forth whereas the Indian Ocean nations do not? There is India and Sri Lanka on one side and Burma, Thailand and Indonesia on the other and there is not a lot of exchange between the two or not to the same degree as there is around the Pacific.

**Dr Love**—I think there is some truth in that. The history of the Pacific is interesting. Essentially, Japan experiences tsunamis perhaps more than any other country on the planet, and then Alaska also. It is up in the northern end of the Pacific Ocean. After the Second World War in a sense the US had a lot of responsibility for Japan, so the US essentially implemented a system in Honolulu that would look after their Pacific interests. Chile then experienced a major tsunami in the sixties. At that point, the system was expanded to be a regional system to pick up 26 countries. But it was essentially driven out of the US strong interest in the region and capability. There has not been a similar dominant partner in the Indian Ocean. I suspect a different arrangement will have to be put in place because it is a region of not very small countries like those in the Pacific. They are not tiny countries. Indonesia, India and Sri Lanka all have significant populations. I think a different solution will have to be found that meets the sovereign needs of pretty substantial countries, but I think that will emerge now as a natural consequence of the disaster.

**CHAIR**—Interesting comment.

**Senator WEBBER**—Particularly as ‘tsunami’ is actually a Japanese word. It is a very interesting comment— quite pertinent. Are there any estimates as to the cost of an early warning system should we get one in the Indian Ocean?

**Dr Love**—No. We are working on that. I would rather—

**Senator WEBBER**—When should I come back to you on that? May? Will you have it done by May, will you?

**Dr Love**—I think so.

**Senator WEBBER**—Excellent. You said earlier that when the warning finally came through and four hours afterwards when the half-metre wave was detected there were a range of people that the bureau contacted, including emergency services. What steps were actually taken in relation to issuing warnings regarding coastal areas that may have been affected by any possible tidal surges or any other impacts?

**Dr Love**—I cannot answer the detail of that other than—

**Senator WEBBER**—You can put it on notice if you like.

**Dr Love**—I can take it on notice, but other than to say that I know the police were contacted. I know the state emergency services were contacted. I believe they used their means to put out whatever warnings would have gone to the communities and then we have a bunch of commercial clients in offshore oil and we contacted each one of those. So that was essentially in a very short time how we tried to get the information out to both the community and to industry.

**Senator WEBBER**—So does the bureau have a role in distributing warnings that may not be due solely to climate, or do you stick purely to climactic?

**Dr Love**—We have a warning service that covers a range of natural disasters such as tropical cyclones, floods and so on. We have arrangements with the media to carry most of those. We do not distribute them ourselves, but that is done by the ABC and commercial radio and the television stations. Depending on the urgency of the warning, we have agreed status and then they will either cut into a broadcast or broadcast at the next sensible time or whatever. So there is a whole set of protocols for distributing warnings for natural disasters.

**Senator WEBBER**—Do you have a network of other agencies around the Pacific and the Indian oceans that you deal with, particularly in assessing potential risks?

**Dr Love**—Sure. Our warning services for meteorological events are delivered within an agreed international framework. That agreed international framework basically says you warn for your sovereign country, and the warning areas are quite well defined. So we do not warn for citizens in Fiji, or whatever. They have their own warning capabilities and we do not step into that territory.

**Senator WEBBER**—So just picking up on this—and this is probably a bit of a distraction—but talking about sovereign countries, has the bureau therefore negotiated what their area of responsibility is in dealing with the new sovereign country of East Timor or do you warn all of them? It would be a nice thing to do.

**Dr Love**—Sure. With regard to meteorological services in East Timor, the bureau did go in with the defence forces that went in there. We put in the instrumentation that is in there and have provided services through particularly the Defence framework for East Timor. We have been working with them on a migration strategy to transfer capability into East Timor, but at the moment most of it has been provided through the bureau framework.

**Senator WEBBER**—I notice in the portfolio statement that the bureau is seeking an extra \$0.308 million for the funding of the National Tidal Centre in the Australian and United States free trade agreement. Can you tell me how that is going to be spent? Can you tell me what you are going to do with that and what impact that is going to have on forward estimates, or is this just a stand-alone allocation?

**Dr Minty**—You were talking about the \$0.3 million equity injection for the National Tidal Centre?

**Senator WEBBER**—Yes, we will start with that one and then we will move on to the next one.

**Dr Minty**—That is for capital replacement. Basically, it is for replacement of the tide gauges in the Australian network around our coastal shorelines.

**Senator WEBBER**—Do they need to be replaced due to old age or because they are a bit traumatised after what happened?

**Dr Love**—No, we need to step back a little bit. The national tidal facility, as it used to be called, was a part of Flinders University and gradually and increasingly it became unsustainable as a self-funding operation. So the government in its wisdom has passed the responsibility for tidal calculations and tidal monitoring across to the bureau and we now operate what is called the National Tidal Centre. We started officially operating that on 1 January. As a part of the transition arrangements, we have an equity injection which essentially covers the depreciation cost of the tide gauges that are in place at the moment and there are about 12 around the Australian coastline.

**Senator WEBBER**—Where are they?

**Dr Love**—They start from Darwin and you just run—

**Senator WEBBER**—Because 12 does not seem many.

**Dr Love**—No, it is not many, but there are other tide gauges and that around the country, but those are in fact the national collective. The state governments also operate a network. Some of those data we get; some we do not. But that equity injection just reflects—

**Senator WEBBER**—So that is just a one-off injection. That is not going to flow through forward estimates in terms of ongoing—it is in for three years and then it ceases.

**Dr Love**—Yes.

**Senator WEBBER**—The next one, the \$0.55 million, the minister's appropriation to the strengthening tsunami additional estimates measure; is that purely the department or does that have an impact on you guys?

**Dr Love**—What page is that on?

**Senator WEBBER**—Page 7, down the bottom, just after your \$0.3 million. As I say, I am new to this; I could be asking the wrong people.

**Dr Love**—No.

**Senator WEBBER**—Is that you?

**Mr Glyde**—That is the department.

**Senator WEBBER**—Okay, we will come back to that.

**Senator WONG**—Are there any additional funds which have been allocated by the government to establishing a tsunami warning system for the Indian Ocean?

**Dr Minty**—Not in this particular—

**Dr Love**—No, not in this budget. We are in the process of trying to develop a sensible proposal that meshes in with what other countries are willing to do.

**Senator WONG**—You are not being funded to do that additional work now?

**Dr Love**—We see that as part of our function. It is a flow-on from the fact that we do have a responsibility for tsunami warning.

**Senator WONG**—But it was not part of your function to warn them in the first place.

**Dr Love**—For the east coast at least, we had a warning responsibility.

**Senator WONG**—Yes, I appreciate that. We are talking new Indian Ocean, west coast.

**Dr Love**—Yes, it is a new function. We will have to work that up in a sensible way within the government framework.

**Senator WEBBER**—I just want to turn briefly now to the Exeter conference earlier this month, I understand. Was the bureau represented at that?

**Dr Love**—I was at the Exeter conference.

**Senator WEBBER**—You were there?

**Dr Love**—Yes.

**Senator WEBBER**—Did anyone else join you from the bureau—not the rest of the world.

**Dr Love**—No, I was the only person from the Bureau of Meteorology there.

**Senator WEBBER**—Could you outline for the committee the main outcomes from that conference?

**Dr Love**—Yes. It was a 2 ½ day science conference and it was essentially convened by the British government to try to get at the science question of defining what might be a dangerous level of climate change. The science community, right at the outset, took the view that it could say what the impacts are presently of global warming as seen in observational data and could also use its models and other science to predict what impacts might flow into the future, but it is ultimately a political question as to what is dangerous and what is not dangerous. The science community basically said, ‘We can tell you what is happening and what we think might happen. You, the political world, have to decide what is dangerous.’



That was probably an initial first outcome. Then the science community reviewed observational data relating to climate change, particularly warming in the Arctic, the Antarctic, possible effects on the Atlantic Ocean, sea life and the like. So there was a range of science papers and then there was a range of science papers on scenarios for the future—emission scenarios; what levels of emissions may occur and flow-on consequences from those in terms of global warming and the like. I had to leave before the last day, which was probably half a day, which was focused on technology and an outcomes paper from the conference. I actually have not seen the outcomes document, so I am not sure what conclusions they officially reached, but that is—

**Senator WEBBER**—Do you expect to see that some time soon?

**Dr Love**—Yes, sure. I just have to find time to hunt it on the web. I have been a little bit busy with tsunamis, among other things.

**Senator WEBBER**—I can understand that. So it was a useful event?

**Dr Love**—I think, for me as a scientist, it was a good review of the science across the field. The people there tended to be the leaders in the field in a science sense and that was very useful. As an administrator, sometimes you lose track a little bit of the science and in two days to get a refresher course from the best in the field is almost a unique opportunity.

**Senator WEBBER**—So was there harmony within that scientific community about what is actually happening?

**Dr Love**—No, there is never harmony in any academic community. There is always—

**Senator WEBBER**—Nor in the political community, for that matter.

**Dr Love**—It is healthy to have debate and there was healthy debate going on. There was consensus on some things and debate on other matters, as you would expect.

**Senator WEBBER**—So was Australia invited to present a paper?

**Dr Love**—Sure. I was co-author on a paper. That is the reason I was there. I co-authored it with Will Steffan from BRS and somebody from the CSIRO—Penny Whetton.

**Senator WEBBER**—I have just been given the hurry up, so if I have anything else I will put it on notice.

**Dr Love**—Thank you.

**Senator WEBBER**—Thank you for your time.

**Senator TCHEN**—Before we stop, can I ask a question? With this conference that you attended, were there any further results or insight into, I suppose, any mechanism of gas balance in the atmosphere as the concentration goes up of one type or another?

**Dr Love**—There are a number of papers looking at what might be a stabilisation level, if you like.

**Senator TCHEN**—It is a dynamic situation, is it not?

**Dr Love**—Sure. Pre industrial revolution, the concentration of carbon dioxide was about 287 parts per million. It is now about 380 parts per million. There is a feeling that it would be

nice to stabilise, if we could, around 500 parts per million, and a number of papers looked at the trajectory for achieving stabilisation at that level, the possible global temperature rise and some of the impacts from achieving stabilisation at that point. That is a science issue, if you like, and there was quite some discussion about a global route to stabilisation of CO<sub>2</sub>, or greenhouse gases more generally.

**Senator TCHEN**—I take it there is no consensus there, either.

**Dr Love**—I guess there is a consensus that economically it is tough to do, and there was a lot of discussion about the sorts of mechanisms you would bring to bear to get there, and there was no consensus on the best way or the most likely way.

**Senator TCHEN**—The reason I ask that is because all the projections I have seen seem to assume a fairly steady relationship between the absorption rate and the gas concentration, and it seems to me that is probably not a sustainable assumption, because as the temperature changes and the concentration, for example, in the sea changes, that is going to change the pattern of absorption as well. I was wondering whether any further work has been done on that.

**Dr Love**—Yes, I think there is a lot of work done on that. If you look at the carbon dioxide released every year, about half of the excess, if you like, gets absorbed in the oceans, so the oceans do an enormous buffering, but that buffering capacity is not infinite. The acidity is rising slightly in the ocean, and as the temperature rises its buffering capability changes as well. So all of that is being studied and discussed in a sort of a global context.

**Senator TCHEN**—When is it likely we will get some sort of consensus, then?

**Dr Love**—Never! The science will become clear on some things but there will always be uncertainty, because as soon as you are looking into the future, the future is uncertain because how society develops affects the issue.

**Senator Ian Campbell**—The next major landmark, Geoff, is the IPCC's next report, which is due in 2007—that is, the Intergovernmental Panel on Climate Change, which is, I think it is fair to say, probably the biggest gathering of scientific minds in the history of humanity who are all working, with a significant contribution by Australia, on just what the most likely scenarios are for the future. That work is going on now and will be presented to the world in only a couple of years time, so that will be the next snapshot.

But I think Dr Love is right in saying that, although that report will show, no doubt, the latest consensus within the IPCC, there will still be a divergence of opinions, and the reality is that the projections are all based on assumptions anyway. What we are finding is that, as more and more people accept the scientific consensus that there is significant human inducement or human activity making the contribution to climate change, then more and more countries are actually doing more about it, and the more we do about it then the more you have to factor in what humans are doing to address climate change, and the presumptions are it is inexact. But I think the good thing is that the majority of people around the globe now accept that there is a significant problem and are, I think, now more than ever doing some significant things about it.

**Senator TCHEN**—Yes, that is right. The problem is that people always jump to a conclusion. They say there is only one solution to the problem, whereas there may be many, many solutions.

**Senator WONG**—Is that a question?

**Senator TCHEN**—No, just commenting on the minister's comments.

**Senator McLUCAS**—We have not got time.

**Senator TCHEN**—I am happy to go an extra one minute for the time I have taken of yours—11.01, if you like.

**CHAIR**—Senator Tchen is entitled to raise issues, but—

**Senator WONG**—He is entitled to ask questions. We do not have a problem with that, Chair. I was just making the point that it is a comment.

**CHAIR**—Who are we going to turn to now? Senator McLucas.

**Senator McLUCAS**—I would like to ask questions of the Great Barrier Reef Marine Park Authority, please.

**CHAIR**—We thank Dr Love and the officers from the Bureau of Meteorology.

[8.40 p.m.]

#### **Great Barrier Reef Marine Park Authority**

**Senator McLUCAS**—Ms Chadwick, I usually ask this standard series of questions about staffing, about attendance at REEF headquarters and how, particularly, the REEF HQ budget is travelling as a sub-budget of the total budget. I wonder, given the time, if we could just table those.

**Senator Ian Campbell**—Good idea.

**Senator McLUCAS**—Because I think you know that I am going to ask them every time. Can we just table them?

**Ms Chadwick**—I am very happy with that. I did come well prepared, but I am happy to table them.

**Senator McLUCAS**—Table everything that you want to. Thank you. If, by way of commentary, though, you could just give a quick answer. How do you think the REEF HQ budget is travelling towards projected revenue for this financial year?

**Ms Chadwick**—It is true that we will still have something in the order of a half a million dollar shortfall that is made up currently from an extra appropriation that is not apparent in terms of being confirmed for the future, so we do have a concern there. On the other hand, our numbers, in terms of people coming through the doors, are up in a gratifying way, which is a great tribute to the people of REEF HQ, and our income is also up. It is fair to say that we are now tracking at covering about 80 to 81 per cent of the total cost of REEF HQ, and if you then look at any other art gallery or museum in Australia, with great respect to them, they do not come anywhere near it. Mr Barrett, have you got anything else?

**Mr Barrett**—The current revenue and expenditure estimates against the year-to-date budget were \$4,000 over our year-to-date budget for the net cost of services, so we are looking at expenditure and revenue.

**Senator McLUCAS**—Going to some of the issues then, were you contacted by the minister for environment or his office in August of last year requesting all correspondence and other communications, including maps, relating to Repulse Bay or the Representative Areas Program between the member for Dawson, Mrs De-Anne Kelly, or her office and the Great Barrier Reef Marine Park Authority during the period 1 January to 5 August 2004?

**Ms Chadwick**—I most certainly would need to go and check my records, but I can say with some confidence that the answer to that is no. There was, in fact, an FOI request on that particular matter, but there would be no reason—given the request came to the marine park authority, not to the minister's office—for the minister's office to request such information.

**Senator McLUCAS**—Well, there would, because I had moved a return to order requesting that that information be tabled in the parliament. I made it for the minister's office, but it seems evident that the minister's office has not contacted GBRMPA requesting that information. The minister then said it was not possible to provide it in the time frame, but if he had not actually contacted GBRMPA then—

**Ms Chadwick**—That is where I mean I will need to check my records. I do recall your return to order.

**Senator McLUCAS**—I understand that there is a review of the Representative Areas Program process. Remind me: is the name of the contractor Future Search?

**Ms Chadwick**—We have, in fact, almost completed a contract with an organisation called Futureye, which is the one I think you are referring to. The purpose of the contract was not to review the representative areas or rezoning process. The purpose of the contract was to learn from and build on aspects of community engagement that had occurred as part of that process. It is not a review of the rezoning process per se. It certainly was our desire at the time to ensure that where we had performed well as an organisation, in terms of building up community contacts and engaging well with the community, we wanted an external, independent person or organisation to advise us on what those strengths were and how we could build on them in the future. Equally, we wanted to look at those areas where the engagement and outcome with the community had been unhappy and to identify some of the features why that may be so and how we may correct those processes in the future. So it was that engagement aspect rather than rezoning per se that the consultants have been concentrating on.

**Senator McLUCAS**—Where are we up to in that process? I am part of it, and I would appreciate being included in that.

**Ms Chadwick**—Yes. There is a draft report that is currently under discussion between the executive and Futureye. I, along with Mr Tanzer and some others, have a meeting with Futureye next week. It is my hope after that to have a report which I can present to the minister. With the minister's permission, I would hope that it could be made public because

there has been considerable public interest in this report. It will say, I suspect, some good things and some not-so-good things about our engagement process. If we are going to move forward, my recommendation would be that the report be made public because over 500 people in organisations have made a contribution to its findings.

**Senator McLUCAS**—Minister, I wonder if you could make a commitment at this point that this report be made public.

**Senator Ian Campbell**—I do not want to commit to making public a report I have not even seen. That would be silly. I think the chairman has put before the committee a sound general philosophy. As you would know and as the chairman knows, I have been up for two or three significant visits to that coast and I know that there were significant concerns about the RAP and the way that was implemented. I have heard just about every stakeholder; I have spoken to Mr Tanzer, the chairman and GBRMPA's executive. I have heard both sides of the story.

I think the chairman is quite right that it is likely to show that the consultation process had significant successes in some areas and significant failures in other parts. I have already addressed some of those failures, for example, by establishing a new local marine area consultative committee in Bundaberg. Although it falls geographically below the southernmost limit of the reef area, there are clearly a lot of people who live in Bundaberg who have an interest in the park. As a result of my visit and discussions with the chairman and the marine park authority, they set up an LMAC in Bundaberg. So we are on the job trying to improve local consultation.

The one thing I should say is that the government, throughout my discussions, stood steadfastly behind the Representative Areas Program, the delineated green areas and all of the other reservations made as a result of the program. We made a decision that it was largely a good process. You can always argue over whether this section should be in or out. You could have those arguments forever. You could argue about the science forever. The program did upset a lot of locals and a lot of politics was played with that process, but we stood steadfastly as a government behind the greatest historic protection of that reef in Australian history, whereas Senator McLucas's party, with the support of her now demised leader, decided to tear up that Representative Areas Program to abandon those boundaries and to reopen it for short-term political gain. We did not do that. We stand by it, we still stand by it, and I am very proud of that decision that I and the cabinet took.

**Senator McLUCAS**—Senator Campbell, you will not mind complying with the return to order, will you, where Mrs Kelly undermined the Representative Areas Program?

**Senator Ian Campbell**—No, I am talking about your decision, Mr Latham's decision, the decision of Labor Party candidates up and down the coast and your environment spokesman to abandon the protection of the reef—

**Senator McLUCAS**—That is a complete misrepresentation of Labor's policy.

**Senator Ian Campbell**—that this government put in place; to throw open all of the protections of the Great Barrier Reef and then to subsequently—

**Senator WONG**—Point of order, Mr Chair: this is not an answer; this is a speech.

**CHAIR**—He is entitled to his point of view.

**Senator WONG**—The minister is entitled to his opinion and I appreciate that—

**Senator Ian Campbell**—The Labor Party does not like having the spotlight thrown on the fact that they were prepared to throw away the protections of the Great Barrier Reef.

**Senator WONG**—All I am saying is that, if we continue to have the minister making political speeches, we will be requesting at 11 p.m. that the proceedings continue so that we can continue with our questions. We have departments here to answer questions on the estimates. If the minister wants to waste public servants' time by making political speeches, we will simply ask that we sit here.

**CHAIR**—Why do we not just get on with asking questions?

**Senator Ian Campbell**—Just ask your questions, then. You are here to ask the questions; I am here to answer them. I will answer them how I choose. Ask another question.

**Senator McLUCAS**—I note that the minister has not committed but is obviously mindful of the need to have the report from Futureye made public. I look forward to the day that that report is made public. This review process—I think 'review' is probably not the right word; this assessment of community engagement—cannot be confused with the review of GBRMPA that was promised by coalition members during the election last year in the negotiations with The Fishing Party. Can you tell me what is the status of that from the Great Barrier Reef Marine Park Authority's perspective?

**Senator Ian Campbell**—I think that is a question for the government. I have answered a question in the parliament on that and that is the latest position. We have not changed it. We are putting in place a review in the exact terms that were announced in the election, and I think my recollection is that the policy in relation to a review of the Great Barrier Reef Marine Park's governance structures was in fact a decision that I had taken and recommended well before I even knew of the existence of anything called the Fishing Party. So you can have your little conspiracy theories.

**Senator McLUCAS**—So can Senator elect Joyce.

**Senator Ian Campbell**—If you look at the government's process of reviewing statutory authorities, we set up an inquiry by Mr John Uhrig—an esteemed and experienced Australian who has had deep experience of governance issues—I think 18 months to two years ago. It was my view, having met with the chairman and the executive and having looked at the structure of the Great Barrier Reef Marine Park Authority—having just left about four years having immersed myself in corporate governance issues in the Treasury portfolio—that the structure of the authority was something that might have looked sensible back in the 1970s and 1980s but was certainly a long way behind best practice. I formed the view very quickly—long before I had any discussions or even any knowledge of anything called the Fishing Party—that the authority's governance structures should be brought into the 21st century.

**Senator McLUCAS**—So, Ms Chadwick, my question stands: what is the view of the authority about the progress of that sort of review?

**Ms Chadwick**—We obviously welcome the policy of the government of the day.

**Senator McLUCAS**—But you have had no discussions to progress that at this point in time?

**Ms Chadwick**—There have been discussions between me and officers of the department, particularly in relation to progressing the Uhrig committee recommendations, but I would regard them at this stage as quite preliminary, scoping exercises, and I think there is still a way to go.

**Senator McLUCAS**—So no time line? Is there any formal sort of agreement about how we progress on this matter?

**Ms Chadwick**—There is a broad whole-of-government time line for the Uhrig report and recommendations. I would anticipate that the marine park authority will fit in with that and have the Uhrig aspects considered as part of the review promoted by the Prime Minister. It would be a bit of a nonsense to have two separate reviews of the marine park authority.

**Senator Ian Campbell**—I think it is also fair to say that the chairman and I had an informal chat about this when I, as I recall, rang him to congratulate the authority on receiving the international award for the protection of the reef. That was the catalyst for me picking up the phone and saying hello. I also believe that the review that we were discussing earlier is something that should also inform that process. We want to ensure that the community that lives around the reef basically feels a part of the governance—not that they run the show but that they know they are consulted and feel a sense of ownership and involvement.

**Senator McLUCAS**—That is why it would be great if we released the Futureeye report when it is completed. While GBRMPA is still here—these questions are more to do with appropriations—I want a clarification. You might be able to help me with it from GBRMPA's point of view. In the additional estimates statements on page 18 there is the \$20 million structural adjustment package. I understand that to be the fishing structural adjustment package. Is that correct?

**Mr Borthwick**—That is the business of the department in the marine division?

**Senator McLUCAS**—Yes.

**Mr Borthwick**—Do you want us to address that at this stage?

**Senator McLUCAS**—If we could do this now we would wrap it up completely.

**Mr Borthwick**—Is there a question, Senator?

**Senator McLUCAS**—On page 18 there is \$20 million for the Great Barrier Reef structural adjustment package. Is that the structural adjustment that happened after the Representative Areas Program was put in place?

**Mr Oxley**—The \$20 million identified there, if I understand your question, is a contribution towards the structural adjustment package as a whole, not just targeted at the fishing industry, although the fishing industry is clearly a significant beneficiary. That \$20 million over the two years was, as I understand it, funds allocated and identified in the pre-election financial statement.

**Senator McLUCAS**—Mr Oxley, were you involved in coming to that figure and developing up the—

**Mr Oxley**—Yes, I was.

**Senator McLUCAS**—How did you come to \$20 million?

**Mr Oxley**—That \$20 million was a provisional allocation based on then estimates of the likely demand for structural adjustment assistance, but it was not a final figure. There is a different figure reflected in toto in the estimates of a \$41 million injection for this financial year.

**Senator McLUCAS**—Which I will go to now. Before I get to that, on page 37 there is something I am not quite sure about. There is a figure of \$1.02 million representing administrative costs associated with the business restructuring assistance component. Can you just explain to me what that is, please?

**Mr Oxley**—Yes, I can. There has been a recognition that, as the scope of the package has broadened from what was initially conceived by the government, there is a need for additional administrative cost to be provided to the department for the administration of the program, either directly in our providing policy advice to the government on that package or to our contracted service provider, the Queensland Rural Adjustment Authority.

**Senator McLUCAS**—So how much of that is Queensland Rural Adjustment Authority money and how much is internal?

**Mr Oxley**—I would have to take that on notice, but I can tell you that we have an initial contract of \$540,000 with the Queensland Rural Adjustment Authority for administration of several elements of the package and then we have a fee-for-service arrangement with QRAA for administration of what we call full business restructuring assistance. So we do not yet have a final amount for that contract, although we have a fee for service for each assessment that they do.

**Senator WONG**—Mr Oxley, I think you indicated to Senator McLucas that you were involved in putting together the structural adjustment package we are discussing.

**Mr Oxley**—That is correct.

**Senator WONG**—Are you the person in the department who has had carriage of that project from its inception?

**Mr Oxley**—Yes, I am. Well, I have had carriage of the package from some time after the budget on a date I could not tell you. I think it was late May. While the initial concepts were handed to me in a preliminary form, I have been involved with my staff in the development of the package subsequently.

**Senator McLUCAS**—Then we turn over to page 39 and we have an enhancement and a part measure of \$41.12 million. How does that relate to the first \$20 million and then subsequently? I understand where the \$1.02 million goes to.

**Mr Oxley**—The first \$20 million, as I indicated, was an amount that was allocated to the package in the pre-election financial statement. We then subsequently worked on those estimates with the Department of Finance and Administration. So that \$20 million is



incorporated in its entirety within the \$41.12 million identified there. The departmental appropriation is a separate amount.

**Senator McLUCAS**—When did that happen, just for the record? Did that happen post election?

**Mr Oxley**—The process of arriving at that figure?

**Senator McLUCAS**—At that \$41.12 million.

**Mr Oxley**—That happened between the election and the cut-off dates for Senate estimates.

**CHAIR**—We thank GBRMPA for appearing tonight. We now go to the Office of the Renewable Energy Regulator, as per the agenda.

[9.03 p.m.]

#### **Office of the Renewable Energy Regulator**

**Senator WONG**—Mr Rossiter, you may or may not recall that in a Senate hearing into the energy white paper there were some questions asked about the registry for RECs. There were some problems, as I recall from that evidence, with some persons or a number of people accessing the register via the internet in certain circumstances. Have those problems been resolved?

**Mr Rossiter**—The problems have been resolved relating to the issue we were discussing at that time. We still do have issues with members of the public using the registry for download techniques that slow the registry down. So we still have that issue to deal with. This occurs occasionally. In November last year we had one occurrence of it. The registry suddenly had a very big load on it. We were aware of it. The operator was aware of it. We eventually found out what the problem was and sorted that out.

**Senator WONG**—What was the problem? The downloading or the browsers that were being used? I think you referred to that in your evidence previously.

**Mr Rossiter**—Yes, it is a continuing problem with the type of browser that people use. The registry was originally designed to interrogate individual certificates and people who were interested in collecting data and analysing the data from the registry tend to use a browser that will actually extract a lot of information from the registry. The registry does not stop operating, but it becomes slower. We have had three or four people simultaneously doing this kind of thing. We are not against it. We can often help them find better ways of finding the same information.

**Senator WONG**—Given that they appear to be continuing to do this, is it intended that the new contract, which I think is due at the end of the year—

**Mr Rossiter**—The end of this year, yes.

**Senator WONG**—will be with a provider who can actually provide software that will manage this?

**Mr Rossiter**—We are hoping that the new software—it is a different form of database; it is a newer form of database—will be much quicker in operating.

**Senator WONG**—Have you sought any additional funding for the new contract over and above what was in the forward estimates and what we discussed on the last occasion?

**Mr Rossiter**—No, we have not.

**Senator WONG**—It is the case, is it not, that you are statutorily required to maintain this register and that it be accessible via the internet?

**Mr Rossiter**—Yes, that has been available at all stages, yes.

**Senator WONG**—Have you logged complaints around the slowness of accessing the register?

**Mr Rossiter**—Yes. We have had none in the last quarter. When I say ‘the last quarter’, I mean from October through to December last year.

**Senator WONG**—So that is a significant improvement from when we last spoke.

**Mr Rossiter**—Yes. We were having one or two a quarter before.

**Senator WONG**—Yes. I have nothing further, thank you.

**Senator BARTLETT**—Have you got many updated figures beyond what has last been provided to estimates committees about the percentage of national energy use sourced from renewable energy sources?

**Mr Rossiter**—We do not measure the percentage from renewable energy sources. We keep the data of the actual eligible certificates. There may have been some analysis done by the department on that; I do not know.

**Senator BARTLETT**—You are not aware of any, though.

**Mr Rossiter**—No. They use the data that is available from the work we do.

**Senator BARTLETT**—Right.

**Mr Rossiter**—But one of the issues that is difficult to measure there is the actual total quantity of energy. We do not have any access to that kind of information.

**Senator BARTLETT**—The number of renewable energy certificates that is anticipated over the life span of MRET—are you on target with those at the moment?

**Mr Rossiter**—The current supply of certificates is above the demand for certificates, which is what the market has anticipated to date. Surrender day for this year—the last calendar year—was yesterday. We do not have the data for that at this point. It is approximately meeting the target. That is all I can say at this stage.

**Senator BARTLETT**—So it is approximately meeting the target. Are you saying that supply is above the demand?

**Mr Rossiter**—There is plenty of supply of certificates in total. To give you some indication, there are 10 million certificates and 5.8 million is the sum of the targets to date.

**Senator BARTLETT**—Can you give figures on what renewable energy shortfall charges were collected over the last financial year?

**Mr Rossiter**—We do it by calendar year. The charges were very small in the last calendar year. I do not have the actual data here, but I can get that on notice, if you wish.

**Senator BARTLETT**—If you could, yes. Is there any trend in relation to that, or is it sufficiently small that it is not really significant?

**Mr Rossiter**—From what we know of the data we have received—surrender day was yesterday—it still seems to be tracking in that direction: 99.95 per cent compliance last year without shortfalls, yes.

**Senator BARTLETT**—Do you put any money into promoting Australian renewable technology offshore?

**Mr Rossiter**—No.

**Senator BARTLETT**—That is not part of your role?

**Mr Rossiter**—No.

**Senator BARTLETT**—I will stop there.

**CHAIR**—You can proceed, if you like. You can continue with that line of questioning, because we are not quite ready to move on to other areas.

**Senator BARTLETT**—But we have 110 minutes left and a whole department to do.

**CHAIR**—Are you ready, Senator McLucas?

**Senator McLUCAS**—Yes, I am.

**CHAIR**—What we are going to do now is move on to the Approvals and Wildlife Division.

**Senator McLUCAS**—Just before we do, I want to ask questions about shale oil and their compliance process. Does that come under the Approvals and Wildlife Division?

**Mr Borthwick**—It will be in the Approvals and Wildlife Division.

**Senator WEBBER**—If I want to ask questions about Kyoto, who do I ask?

**CHAIR**—Probably the Greenhouse Office.

**Senator WEBBER**—But they are under two divisions—the Industry, Communities and Energy Division and the International Land and Analysis Division. So I can ask them twice—I get two goes?

**Senator Ian Campbell**—You could get two different answers, too.

**CHAIR**—But if you want to ask about Kyoto, you can do it under the Greenhouse Office.

**Senator WEBBER**—Yes, it is just that they are listed twice, that is all.

**CHAIR**—That is all right. We will find a spot for you, do not worry.

[9.04 pm]

**CHAIR**—I welcome officers of the Approvals and Wildlife Division to the table.

**Senator McLUCAS**—Can we get an update on the EIS for stage 2 of the Stuart oil shale project in Queensland, please?

**Mr Forbes**—Stuart oil shale has been, as you know, an issue on which you have asked questions for a number of estimates now. As you know, there are some new owners for Stuart oil shale. It is now owned by Queensland Energy Resources Limited and they have recently advised the department that the project in its current form will not proceed under the Environmental Protection (Impact of Proposals) Act and that after the project has undergone further technical studies, and it is reformulated, it will seek Commonwealth and state environmental approval.

**Senator McLUCAS**—So the original EIS has been completely withdrawn?

**Mr Forbes**—I think the wording in the letter says that that is their intention.

**Senator McLUCAS**—So it is not—

**Mr Forbes**—We have read it as though the intention is final.

**Senator McLUCAS**—Right. Are you writing to them to confirm that?

**Mr Forbes**—Yes, we have written to confirm it, but we have not had a response yet.

**Senator McLUCAS**—Can you just retell me the words from QER about what they intend to do and in what time frame—maybe not time frame, but when they intend to progress this.

**Mr Forbes**—My understanding is that they are looking at a 12- to 18-month time frame for their internal review. I do not know when that would be in the context of approaching us for either a new referral under the PBC or otherwise.

**Senator McLUCAS**—Right. It is actually quite speculative of us to even contemplate what they may or may not do.

**Mr Forbes**—That is right.

**Senator McLUCAS**—Just going back to the original application by SPP, the last time we had this discussion I recall your advice was that the department was seeking additional information from SPP. Did you ever receive that information?

**Mr Forbes**—I think, as I recollect, we were seeking further information in regard to some of the greenhouse emissions from the stage 1 pilot plant. As I recall, I do not think we received that, but I will have to check our records.

**Senator McLUCAS**—Could you do that? I thought there was also a dioxin question as well.

**Mr Forbes**—I will have to check that. I just don't have the—

**Senator McLUCAS**—Actually, it is my memory as well. What I am seeking to clarify is whether or not they ever complied with the request from the department for that additional information. So if you could just check the records on that, that would be appreciated. In February 2004 we were told that Synnot and Wilkinson had provided a draft report to the department and that it would be inappropriate at that time for you to provide a copy of that to the committee until it was finalised. Now that the EIS has ostensibly been withdrawn, would it be appropriate for the committee to have a copy of that report now?

**Mr Forbes**—We have been in consultation with the Queensland government in that regard, not necessarily in terms of the tabling here, because there has been a freedom of information request with regard to that particular document.

**Senator McLUCAS**—To the federal department of the environment?

**Mr Forbes**—Yes, the federal department. My understanding is that there is still some outstanding information which is required for that report, so it was still in draft form as I understand it. I do not think we are in position to table a draft report, but I will consult with our Queensland colleagues to see whether in fact they believe it is in sufficiently final form to be released.

**Senator McLUCAS**—Thank you. In the EIS documentation SPP said that stage 2 of the Stuart project can proceed with minimal environmental impact. Given that the process has stalled, did SPP ever verify that claim to the comfort of the department of the environment?

**Mr Forbes**—What was the claim?

**Senator McLUCAS**—That the Stuart project can proceed with minimal environmental impact.

**Mr Forbes**—I do not think the department ever came to a conclusion, because we are still seeking further information before we can actually draw a conclusion ourselves. So we still did not produce an assessable report for the project.

**Senator McLUCAS**—And that would go to their claim that there would be a tenfold reduction in dioxin formation and their greenhouse prediction of a reduction to as low as 40 kilograms c per boe?

**Mr Forbes**—That was all part of those reviews.

**Senator McLUCAS**—And the additional information that was required. When you go back over that information, Mr Forbes, it would be useful to this committee to complete this process to find out if SPP at any point provided the department with information that would verify either of those three claims. But I do recognise that you may not have received that information from SPP.

**Mr Forbes**—We will take that on notice.

**Senator McLUCAS**—Thank you. SPP also claimed that it was possible to reduce the greenhouse emissions from shale oil to lower than conventional oil. Did you seek information from SPP to that effect?

**Mr Forbes**—You are stretching my memory, Senator. I am not sure whether we did, but I certainly know, for example, that we sought information on the greenhouse emissions in terms of the performance of the stage 1 pilot plate. There was information which was still required which turned out to be outstanding information in that regard. So I suspect in the context of the scenario you are putting that we did not actually receive the information which was being sought, nor could we come to any conclusion about the claim which SPP was making.

**Senator McLUCAS**—Did the department at any stage in your analysis of the EIS in that process, which was an interesting type process, ever estimate what the greenhouse

implications of the project were or was that impossible to do given that you did not have the information?

**Mr Forbes**—I think it was difficult for us to do that without the information about the performance of the pilot plant in terms of its greenhouse gas emissions.

**Senator McLUCAS**—Thank you, Mr Forbes. I hope it is the last time we talk about shale oil ever.

**Mr Forbes**—We would be pleased, too.

**Senator WEBBER**—I have questions on a different issue but still I think with a prudence, but correct me if I am wrong. I was just wondering if the department was aware of a particular suspended development at an industrial estate at Burns Road and Harcourt Road in Altona North due to an investigation on the site into the spiny rice-flower which is listed as critically endangered under the Environmental Protection and Biodiversity Conservation Act. Are you the right people to ask?

**Mr Flanigan**—Yes, we are.

**Senator WEBBER**—You are aware of it?

**Mr Flanigan**—I am aware of a couple of investigations we have commenced into development in the Altona region and developments that are having impacts or potential impacts on the spiny rice-flower.

**Senator WEBBER**—Where are those investigations at?

**Mr Flanigan**—From my recollection—and I do not have a briefing here on that particular compliant matter—they are in their preliminary stages. We have from memory had discussions with the council and the company. But that, from memory, is where it is at at the moment.

**Senator WEBBER**—Has the company been in contact with the department about the cost that is being incurred while the department assesses the matter or are they happy?

**Mr Flanigan**—The reason I am hesitating is that there are a couple of developments in that area that are potentially affected by the spiny rice-flower. One—although I think they may be closely related—is an industrial subdivision, and that has been called a control action and is in the assessment process. There is another where development was begun on the lot and, if I can recall rightly the briefing I got recently from my staff, earthworks are being done on the site and it has been covered with fill. We are seeking information from the Victorian government about whether or not the site was likely to have had any impact. From memory, there may be another one in the general district. So I cannot be definitive in terms of whether or not the company has contacted us directly. We have concerns about whether or not the investigation is delaying their development proposal.

**Senator WEBBER**—If you could take that on notice.

**Senator WONG**—Can you also take on notice then in relation to the development that Senator Webber is talking about relating to Burns Road-Harcourt Road in the Altona North industrial estate these questions: when was the department first aware of the discovery of the spiny rice-flower? When did the department contact or advise the developer of this fact?

When was an investigation commenced? What is the likely time frame for the assessment process by the department?

**Mr Flanigan**—We can do that, Senator. Would you happen to have the company name as well?

**Senator WONG**—It is Multiplex land and—

**Mr Flanigan**—That is enough. Thank you.

**CHAIR**—Do you have any more questions on that, Senator Webber?

**Senator WONG**—We will just check whether we have anything else for the Approvals and Wildlife Division.

**Senator WEBBER**—I do not have anything else.

**Senator WONG**—I want to clarify a couple of things. In relation to nuclear waste dumps, you approve EISs. We have had long discussions about this, Mr Forbes. We are not going to do it again tonight. But I assume there has not been another EIS submitted to you for approval in relation to the new site, wherever that might be?

**Mr Forbes**—No.

**Senator WONG**—With regard to the Tasmanian Forests Unit, that is in which division, Mr Borthwick?

**Mr Borthwick**—Land Water and Coasts Division.

**Senator WONG**—What about questions on the Ozone Protection and Synthetic Greenhouse Gas Management Act?

**Mr Borthwick**—Policy Coordination and Environment Protection Division.

**Senator BARTLETT**—I have two quick questions. In an answer at the end of last year you mentioned the department negotiating an MOU with AFMA for records of interactions with protected species to be provided from fishers logbooks. Has the MOU progressed at all?

**Ms Delahunt**—You were asking about our discussions with AFMA in relation to protected species?

**Senator BARTLETT**—Yes, your answer on notice from not very long ago mentioned you were negotiating an MOU with AFMA about when they interact with listed species. I was just wondering how the MOU process was going; whether you have a hopeful time line for finishing it.

**Ms Delahunt**—We certainly have a fairly strong relationship with AFMA and we have some contracts with them about how we are going to sort through with the fishers to do reporting through AFMA under EPBC. The relationship is going well. We have a regular executive meeting with AFMA in order to address this as well as other issues.

**Senator BARTLETT**—So you do not have a rough time line? It is always dangerous to be too solid, but do you have a rough time line for the conclusion of the MOU?

**Ms Delahunt**—No, I do not have one at the moment. I can take that on notice for you, Senator.

**Senator BARTLETT**—Thank you. The only other question I had—I do not know if this was raised while I was out of the room—concerned the application to import Asian elephants to Australia. What is the status of that application? Has a decision been made yet?

**Mr Forbes**—A decision has not been made as yet.

**Senator BARTLETT**—Is there any time limit on when it has to be made by?

**Mr Forbes**—My understanding is that there is no time limit.

**Senator BARTLETT**—Is there any expected arrival of a decision?

**Mr Cresswell**—That is a decision we are still working on because we are still receiving information. It is true that certainly the zoo consortium who wish to import the elephants are keen for a decision to be made, but we are going through a careful and considered process and we are still in that process.

**Senator BARTLETT**—So what are the stages for something as significant as this? I appreciate that it has some sensitivities and significance to it, but do you put together a package with all of the information including a recommendation and give that to the minister, or do you leave it open and say, ‘Here are the arguments for, and here are the arguments against’?

**Mr Cresswell**—No, we do a full assessment and that assessment is provided to the minister.

**Senator BARTLETT**—Including a recommendation?

**Mr Cresswell**—Including the advice of the scientific authority, which the minister will be able to view and decide whether he feels we are up to the mark.

**Senator BARTLETT**—And that has not gone to him yet?

**Mr Cresswell**—No.

**Senator BARTLETT**—Is there a rough time line on that part of it?

**Mr Cresswell**—Certainly we would like to get it to him this month.

**Senator BARTLETT**—That sounds good. Thank you.

[9.32 p.m.]

**CHAIR**—We now call Parks Australia. I welcome the representatives of Parks Australia to the table. Senator Crossin has some questions for you.

**Senator CROSSIN**—It will not come as any surprise to you what I am going to ask you questions about. Firstly, thank you for the answers to the questions that you have provided me that I put on notice before Christmas. You will need to take this on notice, but I am wondering if you can tell me the number of staff you have at Parks Australia in the Northern Territory both now and over the last two years by level of designation in the Public Service.

**Mr Cochrane**—Will do.

**Senator CROSSIN**—Can you also provide for me the number of vehicles and the types of vehicles that you now have based in the Northern Territory and that you have had over the last two years? I am assuming you have not brought that information with you.



**Mr Cochrane**—That is correct.

**Senator CROSSIN**—Can I go to the tables that you provided to me. I do not have the number of the answer here because I have just cut and pasted it on my sheets for this evening. From my reading of this, there is a significant drop in the projected annual infrastructure and maintenance expenditure for this financial year and next financial year compared to 2003-04 of nearly \$3 and \$2 million. Can you explain for me what has prompted the cuts in this anticipated projected expenditure?

**Mr Cochrane**—Part of the answer to the question is that we received a capital injection in 1999-2000 of just over \$3 million, and it took us probably about two to three years for that to wash through our expenditure. So the figures you may be comparing our current and projected expenditure to were elevated by that capital injection.

**Senator CROSSIN**—So in the table in that answer is that the difference between the \$1.480 million and the \$3.972 million in 2000, 2001 and 2002?

**Mr Cochrane**—I do not have the specific question and the table in front of me, so it is going to be a little hard to answer.

**Senator CROSSIN**—It is question Nos 3 and 4.

**Mr Cochrane**—Just as a basis of comparison, the figures that you have for 2001 and 2002 for infrastructure; is that one of your base years?

**Senator CROSSIN**—Yes.

**Mr Cochrane**—For facilities and infrastructure I have \$3.972 million.

**Senator CROSSIN**—That is right.

**Mr Cochrane**—I saw you looking then at the out years subsequently—in particular the 2004-05, where we are estimating \$1.7 million.

**Senator CROSSIN**—That is right.

**Mr Cochrane**—Okay. Then the second part of the answer is that Kakadu actually significantly overspent on capital last year, 2003-04, of the order of well over \$1 million, and part of that was actually expenditure that probably would have been brought to account this current year but was actually brought to account last year. So they overexpended last year and their capital budget this year has been reduced accordingly, essentially to allow us to catch up.

**Senator CROSSIN**—So, essentially, without that capital expenditure injection the 2004-05 level for capital expenditure is now back to what it was in 2000 and 2001—is that correct?

**Mr Cochrane**—Roughly, but I would probably say our base level expenditure should be higher than that level. Taking it back that many years, our asset base would have increased in Kakadu and, therefore, our replacement and maintenance budget should be higher at a base level.

**Senator CROSSIN**—The maintenance budget that I have, in fact, shows a significant decrease for each year for the last six years. There is no injection of funds in the maintenance budget—is that correct?

**Mr Cochrane**—Yes, there has been; that is correct. I would prefer to take on notice a detailed explanation of why some of those previous years were high, because some of them do look very high looking back.

**Senator CROSSIN**—You mean the 1999-2000 and—

**Mr Cochrane**—Yes.

**Senator CROSSIN**—2000-01.

**Mr Cochrane**—In particular with 1999-2000, the expenditure of \$3 million looks particularly high over the average expenditure over the longer term.

**Senator CROSSIN**—But essentially this graph shows me that since 2001 the annual amount of money spent on maintenance and the projected amount of maintenance is around the same, if not less.

**Mr Cochrane**—Yes. The figures show a reasonably steady decline, although they do bump around a little bit, so the actuals for last year were \$1.6 million, which was the second highest in the last four years.

**Senator CROSSIN**—Can I take you to a report in the *Australian* newspaper on 4 January that actually alleged that six park vehicles had been sold off. Is that correct? Was that newspaper report correct?

**Mr Cochrane**—I cannot answer precisely, but we sell vehicles virtually every year because we tend to keep them for about two years. Our vehicles numbers—and I could not give you the exact number, but say they are of the order of 50; we would turn over 20 to 30 of those a year. Sometimes it is a little more lumpy than that, just depending on year to year effects and when the best time to sell is. But we are always turning over vehicles every year.

**Senator CROSSIN**—But the number would maintain the same?

**Mr Cochrane**—No, I think it probably—we would make a judgment on their value to us. We tend to, I think—correct me if I am wrong—turn them over after roughly about two years.

**Senator CROSSIN**—Is there a planned reduction in the vehicle fleet over the next two years for work in the park?

**Mr Cochrane**—We are reducing the size of the vehicle fleet somewhat because, in our judgment, the vehicle fleet was larger than it needed to be last year.

**Senator CROSSIN**—What do you mean by that? Are you saying there has been an extravagant number of vehicles to cover a park like Kakadu in the last couple of years?

**Mr Cochrane**—I think it is fair to say the number of vehicles appears to have crept up over the last few years and, in looking at all of our areas of expenditure, as we do from time to time to look at ensuring that we are spending our funds in the most efficient way, we look at things like that as to whether the resource allocations that we have made are the best ones and, in my judgment, we probably overallocated in vehicles in recent years. So we are in the process of bringing that back to a more reasonable level.

**Senator CROSSIN**—What estimated savings are there in the coming financial year in doing this?

**Mr Cochrane**—From reducing the size of the vehicle fleet?

**Senator CROSSIN**—Yes.

**Mr Cochrane**—Could I take that on notice and give you a precise figure rather than hazard a guess?

**Senator CROSSIN**—Yes, you can. I have asked you for past and projected staffing levels. I just take you to the decision, of course, to abolish the fees at Kakadu. Can you provide me with the rationale behind the decision to remove the entrance fee at the park?

**Mr Cochrane**—I can provide you with the rationale that the Prime Minister gave when he announced that decision, and that was that visitor numbers have been declining consistently over the last six or so years to Kakadu. I believe that, in his judgment, the removal of fees would provide a stimulus to visitor numbers and a recovery of visitor numbers to the park.

**Senator CROSSIN**—What were the visitor numbers for the last three years at Kakadu? Do you have those?

**Mr Cochrane**—They have steadily declined—the numbers that I have here are numbers of tickets sold, which I tend to use as the best indicator. I also tend to relate it to revenue. Do you want calendar years or financial years?

**Senator CROSSIN**—How do you collect them?

**Mr Cochrane**—We collect them on a monthly basis in terms of numbers of tickets sold. For example, from 2001, when the number of tickets sold in a calendar year was 169,500, roughly, they have declined to 148,900 to 136,600 to, in the last calendar year, just over 118,000. So there has been a very marked decline.

**Senator CROSSIN**—So one would assume within 12 months time we will see an increase in those numbers if the rationale is correct.

**Mr Cochrane**—That would be correct.

**Senator Ian Campbell**—We could have to get Darryl Somers back, though.

**Senator WEBBER**—When he has finished dancing.

**Senator CROSSIN**—We might use someone from the Territory to promote the Territory for a change. What was the amount of money that was actually generated in the park fees?

**Mr Cochrane**—In the last calendar year of the order of just under \$2.2 million is a reasonable estimate.

**Senator CROSSIN**—Out of that, how much of that was designated in the Kakadu lease agreement for traditional owners?

**Mr Cochrane**—38.8 per cent.

**Senator CROSSIN**—Which is a dollar amount of around?

**Mr Cochrane**—About \$950,000—actually, of those figures it is around about \$850,000 of that.

**Senator CROSSIN**—Do you have those amounts for me for the last five years at all?

**Mr Cochrane**—Yes, we have calculated that to provide to the Northern Land Council.

**Senator CROSSIN**—Can I ask you to provide that?

**Mr Cochrane**—We can provide that to you.

**Senator CROSSIN**—If you do not have it tonight just provide it on notice to me, please.

**Mr Cochrane**—Yes.

**Senator CROSSIN**—Did either Parks Australia or the Department of the Environment and Heritage or any other department provide a briefing to the Prime Minister on this before a decision was made?

**Mr Cochrane**—No.

**Senator CROSSIN**—Has any economic modelling been done on the relationship between the park entrance fee and the visitor numbers to Kakadu?

**Mr Cochrane**—There was an exercise which ran through in part last year which we contributed to and the tourism industry contributed to as well. A couple of consultants were hired to look at revenue options for Kakadu. They did some modelling and—

**Senator CROSSIN**—Is that their report? That John—

**Mr Cochrane**—The Hanson Stanley report.

**Senator CROSSIN**—I see, not the John Morse report.

**Mr Cochrane**—No.

**Senator CROSSIN**—That was on tourism, was it?

**Mr Cochrane**—That was tourism futures. No, this was really on the financials of the park. That study concluded that removing the entry fee—I was going to say would have—could have a stimulus. I would have to find you the report specifically to deal with it. But they were the ones that raised the issue of fee removal.

**Senator CROSSIN**—Is that report something that can be made available to the committee?

**Mr Cochrane**—It is not a public report, but because it was commissioned by a number of parties I see no reason why you could not get a copy.

**Senator CROSSIN**—Thank you. Was that report used as a basis for the Prime Minister's decision?

**Mr Cochrane**—I cannot give you any—I do not have a window into the Prime Minister's mind and decision making, I am afraid.

**Senator CROSSIN**—But it is certainly not a report that you would have used that would have generated a document that went to the Prime Minister's office—is that correct?

**Mr Cochrane**—Not to my knowledge, and not from us.

**Senator CROSSIN**—Okay. Can you tell me what consultation was had with representatives of the Northern Land Council prior to the decision being made?

**Mr Cochrane**—As I have indicated, I was not involved in the lead up to that decision making, so we were certainly not involved in any consultations with the Northern Land Council.

**Senator CROSSIN**—Are you aware as to whether anyone from Prime Minister and Cabinet had those consultations?

**Mr Cochrane**—I am not aware, but it is possible.

**Senator CROSSIN**—Any consultations with the Gunlom land trust or the Kakadu land trust or any other affected Aboriginal TOs?

**Mr Cochrane**—Not to my knowledge.

**Senator CROSSIN**—Can you provide me with any advice about what consultation has happened since that time?

**Mr Cochrane**—Yes, we have three forms. I have written three times to the Northern Land Council. I have had two meetings with the Northern Land Council, and at each of the Kakadu board meetings subsequent to that decision being made the Northern Land Council representatives have been present and we have discussed the issue of the fee abolition and its implementation. The Northern Land Council is more than aware of the issue subsequent to the decision being made.

**Senator CROSSIN**—So what is the nature of your letters to the land council?

**Mr Cochrane**—It was seeking to begin discussions with them on the form that a replacement income stream would take to replace the revenue share that they got under the park lease agreement.

**Senator CROSSIN**—I will go to that in a minute. Was any modelling done on the economic implications of this decision on Aboriginal traditional owners or their business?

**Mr Cochrane**—Not to my knowledge.

**Senator CROSSIN**—I understand that the park's budget is being supplemented following the abolition of the fees—is that correct?

**Mr Cochrane**—That is correct.

**Senator CROSSIN**—I understand that the supplementation is only for the next four years—is that correct?

**Mr Cochrane**—The out years in the estimates run to four years; that is correct.

**Senator CROSSIN**—So how much is that for each of the coming four years on a year-by-year basis?

**Mr Cochrane**—This current financial year it is \$4.12 million. Next year it is \$3.75 million. The following year it is \$4.091 million.

**Senator CROSSIN**—Of those amounts, the amount that is paid to the traditional owners stays the same at 38 per cent—is that correct?

**Mr Cochrane**—It will not be 38 per cent of that. What I have suggested to the Northern Land Council is that we take the average of the last five years of the revenue share they

received. That would result in a significant increase from the last couple of years because, as I have said, revenue for entry fees has been declining, and we would use that as a base level for this calendar year. Then we would index it upwards if visitor numbers increased. If visitor numbers dropped, then we would leave it at the same base amount. So I think by any measure traditional owners would be better off than they are in the current situation with the share of the previous revenue stream.

**Senator CROSSIN**—So where are those negotiations at?

**Mr Cochrane**—I regret to say I am still awaiting a response from the Northern Land Council in any form.

**Senator CROSSIN**—When was the last time you put that position to them?

**Mr Cochrane**—It was fairly early this year. I believe my staff in Darwin have had some further discussions to provide information to the Northern Land Council. In fact, in the table that I just mentioned, the detailed break-up of the year-by-year revenue stream income that we paid—

**Senator CROSSIN**—They may well be waiting for the next regional meeting or executive meeting.

**Mr Cochrane**—They may well be consulting with their constituents as well.

**Senator CROSSIN**—So what contingency plans are there when the supplementation is due to end in four years time? You have supplementation for the forward budget estimates. If there is no supplementation after that period, what is the plan?

**Mr Cochrane**—That is a hypothetical question, but I would anticipate within the next year we would be addressing in forward estimates what happens in 2008-09.

**Senator CROSSIN**—Have you or your officers in Parks been asked to find or to investigate additional income streams?

**Mr Cochrane**—I am particularly interested personally in investigating alternative income streams because there is a considerable business which is generated by tourism to Kakadu, and I think it is reasonable to expect some share of that to contribute to the management of the park. But beyond that general principle nothing particular has been advanced.

**Senator CROSSIN**—So there has been no direction to actively seek alternative income streams to replace that supplementation money?

**Mr Cochrane**—I am interested in initiating a project within Parks to explore what options there might be.

**Senator CROSSIN**—I understand that, Mr Cochrane, but I asked you if there had been any specific direction to actually seek additional income.

**Mr Cochrane**—No, no direction.

**Senator CROSSIN**—So you have not been asked to try to source alternative measures to make up that supplementation in the event that it might stop in four years time?

**Mr Cochrane**—No, but I have volunteered that this is something we should be exploring.

**Senator Ian Campbell**—I have to say, Mr Chairman, that the Prime Minister and the government have made a very clear commitment that the traditional owners will be looked after and will not be any worse off. I think the director has made it quite clear that we have not only honoured that but also ensured that if there is any upside in visitor numbers the traditional owners benefit. There can be no downside, and that is a commitment that we have kept. As long as there is a coalition government here, we intend to keep that commitment. The only risk to the traditional owners is if there is a change of government.

**CHAIR**—Point well made.

**Senator CROSSIN**—Mr Cochrane, what opportunities do you believe there are to introduce user-pays fees or charges to tourist operators in the park?

**Mr Cochrane**—All of the current private operators essentially charge for their operations. One of the objectives that I see is that our role is to help facilitate new businesses starting, and they would ideally be commercial enterprises all of which would return an income stream to traditional owners and their shareholders and owners. I am particularly keen to encourage locally run and Aboriginally owned enterprises to capture some of that market, and we have been working with the Northern Territory government to look to further promote Kakadu as a destination both in the Northern Territory and in Australia. If those efforts bear fruit, then I believe there will be some terrific opportunities for local businesses.

**Senator CROSSIN**—With the table we just went through, though, at the beginning of this exercise where there are declining amounts for both the maintenance and capital expenditure, how do you expect to attract additional visitors to the park in a declining budget regime?

**Mr Cochrane**—The issue of visitor infrastructure is one that greatly interests, I know, both the parliamentary secretary for this portfolio and the parliamentary secretary for tourism, who in the context of the white paper on tourism has been championing the need for and the opportunities in private sector provision of visitor infrastructure to protected areas around Australia. I think there are some opportunities there to explore diverse sources of income for infrastructure in the—

**Senator CROSSIN**—So how is that being progressed? Is that through you or through the tourism portfolio?

**Mr Cochrane**—Through us, largely, but none of those things will progress very far without the active involvement of the board at Kakadu. The principle has been established by the government and it is one that we intend to actively explore.

**Senator CROSSIN**—So is that putting an onus on tourism operators to actually provide payment and money for infrastructure in the park in a declining Parks budget?

**Mr Cochrane**—I would have to say that the Parks budget is not actually declining. If you look at the overall budget to us, it is holding pretty steady.

**Senator CROSSIN**—It is not actually brimming over the edges seeing you have had visitor numbers declining for the last five years, is it?

**Mr Cochrane**—That has posed a big challenge to us, yes, because it has meant a declining revenue stream to us from the park entry fee, and that has put pressure on our budgets—absolutely.

**Senator CROSSIN**—Do you have any officers within Parks actively pursuing income streams as part of their working brief?

**Mr Cochrane**—I have tasked one staff member with that as part of his portfolio of interest, yes, but I do not believe that has actually started work yet.

**Senator CROSSIN**—So you are anticipating or it is your preferred option that the supplementation would continue beyond the four years of the budget estimates; is that correct?

**Mr Cochrane**—That may well be necessary, yes.

**Senator CROSSIN**—Can you explain to me the mechanism for calculating visitor numbers to the park now? How are you going to know if the abolition of the fees has in fact incurred an increase in visitor numbers?

**Mr Cochrane**—There are three ways we monitor visitors to the park, one of which has been to date—until just before Christmas—entry ticket sales. We also have a visitor counter at the Bowali Visitor Centre, and those numbers correlate quite well with the entry ticket sales.

**Senator CROSSIN**—Although not everyone goes to the visitor centre.

**Mr Cochrane**—Not everyone goes to the—

**Senator CROSSIN**—If you were going fishing, you would not actually go to the visitors centre, would you?

**Mr Cochrane**—That is exactly right. Relatively speaking, the number of fishermen is small compared to tours and other visitors. The third way is we have been monitoring vehicle traffic in and out of the park. That is one of the jobs I have tasked the park staff with, and I believe that the new infrastructure should have been installed either this week or last week enhancing that vehicle monitoring system. There are ways of being able to distinguish different vehicles coming into the park—whether it is the size of buses, landcruisers with trailers et cetera. We aim to calibrate those numbers against visitor numbers and use that as the base. We have flagged to the Northern Land Council—and had some preliminary discussions with them—that we would like their involvement in that so they are confident that those numbers stack up.

**Senator CROSSIN**—Has there been any way in the past of actually determining Northern Territorians visiting the park versus interstate or overseas tourists?

**Mr Cochrane**—We did a major visitor survey ourselves a couple of years ago which indicated that Territorians were of the order of four per cent to five per cent of our visitors. In relation to the most recent visitor satisfaction data from the Northern Territory Tourist Commission—and this is only an indication—if you look at the sample sizes that they used in the last quarter which has just been published, the sample size for visitors to Kakadu was



1,900 visitors and 24 of those were actually from within the Territory. So it is a pretty small percentage.

**Senator CROSSIN**—It certainly is. With the unilateral abolition of the fees, it has been put to me that it is hardly in the spirit or the legal framework of the joint management arrangements. I understand that the Kakadu plan of management is now being renegotiated. Will the new arrangements for the distribution of the fees be part of the new plan of management?

**Mr Cochrane**—I do not believe they necessarily need to be part of the plan of management, but it is possible—and certainly the Northern Land Council has taken this position—that a renegotiation of the lease or relevant elements of the lease may be necessary to lock in the new payment arrangements when we finally agree to them.

**Senator CROSSIN**—How long will those arrangements last?

**Mr Cochrane**—I would imagine they would be then enduring unless there is a change of government policy on fees and so on.

**Senator CROSSIN**—So it will not be a three- or five-year agreement from your point of view?

**Mr Cochrane**—No. When we renegotiate the lease, the lease then becomes the lease for the remainder of the lease period, which is 99 years or in the case of the Kakadu land trust, something like 74 years.

**Senator CROSSIN**—So the arrangements in terms of the disbursing of the fees to the traditional owners will become part of that agreement?

**Mr Cochrane**—There is no reason to change the existing arrangements because they are applied generally. They say that of revenue streams received from fees and charges the land trust receives a certain percentage of them. If we receive fees and charges from other sources, for example, they will continue to receive that percentage share of camping fees, which are not insubstantial for Kakadu.

**Senator CROSSIN**—So how many times has the Kakadu board of management met since the decision was made to abolish the fees?

**Mr Cochrane**—Probably at least four times.

**Senator CROSSIN**—Have you attended any of those meetings?

**Mr Cochrane**—I attend every single one of them as a board member.

**Senator CROSSIN**—Has the decision actually caused any difficulty in trying to get the plan of management concluded?

**Mr Cochrane**—It is fair to say there has been a degree of angst about the decision, but I think we have worked our way through those issues and are now focusing on moving forward and making it work for us. There are some opportunities that arise for us out of that.

**Senator CROSSIN**—What consultation has been held with the peak tourism bodies? Prior to the announcement of the decision I am assuming there was probably none—is that correct?

**Mr Cochrane**—I could say that the report I mentioned before that was commissioned a year or so ago had the strong support, at least in its conception, of the tourism industry.

**Senator CROSSIN**—To abolish the fees?

**Mr Cochrane**—To abolish the fees. So from time to time that issue does come up in our consultations with the tourism industry. Certainly we have consulted through the tourism consultative committee of the board on what we are proposing to do in terms of implementing the fee abolition and the consequences of that.

**Senator CROSSIN**—Have you met with tourism operators since the decision?

**Mr Cochrane**—Personally I have not, but our staff certainly have—regularly.

**Senator CROSSIN**—What do you mean by ‘regularly’? Is there a particular forum they attend?

**Mr Cochrane**—The tourism consultative committee is a forum that is specifically set up to test ideas, for the tourism industry to bring concerns and for issues that then need resolution at the board to then come to the board. It is also used as a sounding board to a degree as well.

**Senator CROSSIN**—So, in your proposal to perhaps explore alternative revenue income, are tourism operators being consulted or a part of that process?

**Mr Cochrane**—Not yet because, as I indicated before, it is at a very preliminary stage.

**Senator CROSSIN**—Can you tell me, then, where the report that was done by John Morse and John King is at? Where does that feature in these developments?

**Mr Cochrane**—They were commissioned about midway through last year to work with the board, traditional owners and the tourism industry to develop a shared vision of what tourism in the park would be into the future. One of the issues that surfaced in the development and drafting of the current plan of management was that there were differing views about where tourism would be going in the park, so we commissioned John King’s company, Global Tourism and Leisure, and John Morse to conduct consultations with the tourism industry, traditional owners and the board. They worked closely with the board to prepare for the board a tourism vision for the future.

**Senator CROSSIN**—I have only ever seen a draft of that report. Is it possible for you to provide this committee with a copy of that report?

**Mr Cochrane**—I could very shortly. It is just in the process of being finalised. We anticipate it to be launched in the very near future.

**Senator CROSSIN**—What controls are currently on tourism operators wishing to use the park in terms of registration, licensing or permits?

**Mr Cochrane**—To conduct any commercial activity in the park requires a permit from us. That applies to all commercial tour operators. That is the main form of control, the issuing of permits and the associated conditions that apply to that.

**Senator CROSSIN**—So is there any quality control mechanism for tourism operators?

**Mr Cochrane**—We occasionally do audits. We rely considerably on visitor feedback and our own general intelligence of observing what people do. Also, other tour operators will

report to us examples of what they see as inappropriate behaviour if it occurs. From time to time other visitors will observe what tour operators are doing. If they think something is of concern they will report that to us. We also run, I think twice a year, a tour operator workshop which we do not require but encourage all tour operators to attend. That provides a lot of background briefing about the park. In that way we aim to encourage people to understand more about the park, to be able to portray it in an appropriate way, but there is no coercive element to that.

**Senator CROSSIN**—What cost recovery mechanisms are in place for the park to cover the cost of tourism on the park infrastructure? Is it only through the registration, licensing and permit arrangement?

**Mr Cochrane**—Essentially the answer to that is yes, through the permit fees. In the past it is fair to say that I, at least for one, regarded the payment of the entry fee, on a per head basis, as also contributing to those costs. The removal of the entry fee is what is driving my thinking about alternative methods of recovering some of those costs of using park infrastructure.

**Senator CROSSIN**—Part of the alternative income stream might be to increase some of those cost recovery mechanisms?

**Mr Cochrane**—I think it is fair to say that is one of the potential issues that would be worth exploring, absolutely. I think it is fair to say that we have not really pursued that in the past because there was a per head entry fee. With the removal of the per head entry fee it seems reasonable to look at an alternative method.

**Senator CROSSIN**—Can you take on notice for me that I would like for the last three years, if it is possible in your budget, a breakdown of the amount of money you spent on feral animal control?

**Mr Cochrane**—In Kakadu only or generally?

**Senator CROSSIN**—Can you break it down to Kakadu?

**Mr Cochrane**—We can do that.

**Senator CROSSIN**—And any other subprograms of that nature, like I suppose the crazy ants or the weed control.

**Mr Cochrane**—Weed control? We do not have crazy ants in Kakadu, but we have other ant pests.

**Senator CROSSIN**—Can you also provide me with the capital budget for the Uluru park for last year and for this year?

**Mr Cochrane**—Yes.

**Senator CROSSIN**—In the same way that you answered questions 3 and 4?

**Mr Cochrane**—Yes.

**Senator CROSSIN**—And the operational budget for Uluru for last year and this year?

**Mr Cochrane**—Yes.

**Senator CROSSIN**—In fact, do you have that with you?

**Mr Cochrane**—I do not. I have budget figures for Uluru, but they may not be in exactly the same form as you are asking for them. We have provided those to you I think twice in the past on annual updates. Could I undertake to provide you with the most recent update for those?

**Senator CROSSIN**—You can. I understand that the park fees at Uluru have gone from \$16.25 to \$25. Is that right?

**Mr Cochrane**—That is correct.

**Senator CROSSIN**—At the same time, though, has there been a \$1 million decrease in the allocation from the Commonwealth to that park?

**Mr Cochrane**—There has actually been a slightly larger reduction in the allocation in the Commonwealth component of the budget. That is because, similar to Kakadu, Uluru was actually living beyond its means and I had funded an increase over the last four years to the Uluru budget. I increased the government contribution out of my budget but funded it through running down cash reserves that we had. That was an unsustainable position. Part of the argument which led to seeking a fee increase was about bringing the budget back into balance. We are doing that this year, but the consequence of it this year has been that I have had to bring the government contribution to the park budget down.

**Senator CROSSIN**—When you say it has lived beyond its means, what does that mean in terms of a national park, though?

**Mr Cochrane**—We have run at a deficit.

**Senator CROSSIN**—Despite the fact that you have increased fees at Uluru?

**Mr Cochrane**—The increase in the fees is only relatively recent, taking place on 1 April last year. That is starting to bring additional income into the park and will into the future. The future for the park budget I think looks very promising. What I am dealing with at the moment is the legacy of, say, the last four years.

**Senator CROSSIN**—So where do you cut your expenditure? Is it in staff, vehicle turnover, infrastructure?

**Mr Cochrane**—By increasing fees we have managed to avoid any cuts to staff or vehicles or infrastructure.

**Senator CROSSIN**—How do you avoid that at Kakadu now that there are no fees to increase?

**Mr Cochrane**—The government has provided supplementation. The supplementation is actually in excess of the loss of fee income.

**Senator CROSSIN**—So that will be the case for at the least the next four years?

**Mr Cochrane**—That is right. As long as we manage ourselves very carefully, our budget projections show that the budget for Kakadu will also be brought back into balance over that period.

**Senator CROSSIN**—How much of an increase in revenue has the increase in fees at Uluru generated for the traditional owners?

**Mr Cochrane**—That is a good question. It will go from roughly \$1.4 million last year to an estimate of just over \$2 million this year. There has been an increase of roughly \$600,000 from last year to this year.

**Senator CROSSIN**—Is the Uluru plan of management also up for negotiation as Kakadu's is?

**Mr Cochrane**—No, the current plan was put in place in 2000 and runs to 2007. We are beginning the process of thinking about the next plan because it will take us about two years to do. This year we will initiate the preparation of a new draft plan.

**Senator CROSSIN**—I wanted to ask you about the clean-up program for mine wastes at the uranium operations in the South Alligator Creek region in Kakadu.

**Mr Cochrane**—Yes.

**Senator CROSSIN**—Can you give me some information on the status of that clean-up program?

**Mr Cochrane**—We are chipping away at it. The planning for it has been in two parts. The first part of the planning has been completed. We have currently embarked on the second phase of the planning for the rehabilitation works. Our primary focus at the moment has been a deep and continuing engagement with the relevant traditional owners. I believe that has been very successful, constructive and positive. But at this stage we are still working our way through the issues that we have to deal with in the second part of the rehabilitation plan.

**Senator CROSSIN**—What is the time frame for that plan?

**Mr Cochrane**—It has taken a lot longer than I had anticipated. The overall time frame we are operating within is set out in the Gunlom lease agreement. That specifies that the rehabilitation works must be completed by 2015.

**Senator CROSSIN**—When you said a minute ago that you had other issues that you are working through, what are those?

**Mr Cochrane**—In the context of part B?

**Senator CROSSIN**—Yes.

**Mr Cochrane**—Part B of the rehabilitation plan is dealing with the more radioactive materials that are present in some of those old sites. Those create some more significant issues in terms of how we deal with them than the first part which was dealing with the easy bits. All I can say is that we are working closely with the Office of the Supervising Scientist and ARPANSA, the Australian Radiation Protection and Nuclear Safety Agency, to determine how we tackle those and how we ensure that whatever options come out of those consultations are best practice.

**Senator CROSSIN**—What options are being considered for the long-term storage—is it storage or disposal—of that waste?

**Mr Cochrane**—At the moment the traditional owners for the area have agreed that the material that has been generated and resides there should be disposed of in that part of the park; it belongs there. We are exploring what that principle actually means in practice.

**Senator CROSSIN**—What implications does the work you are doing there have for the Ranger operations?

**Mr Cochrane**—I personally believe none. They are two completely different suites of landowners. I believe they see these issues in somewhat different ways. They are each dealing with the issues on their own country in the way that they best see fit. I am not involved very deeply in the Ranger issues at all.

**Senator CROSSIN**—The options for the long-term storage of this waste—

**Mr Cochrane**—There will have to be some form of containment.

**Senator CROSSIN**—On site?

**Mr Cochrane**—The traditional owners' view is that that material belongs there in some way.

**Senator CROSSIN**—How will that be done?

**Mr Cochrane**—I am not a radiation safety expert.

**Senator CROSSIN**—That is where the Office of the Supervising Scientist comes in, maybe.

**Mr Cochrane**—And ARPANSA and the consultants that we have employed to help work with us on this.

**Senator CROSSIN**—Finally, I wanted to ask about the Ranger contamination incidents. Is that your area or is it better if I put those questions on notice to OSS?

**Mr Borthwick**—That is for the Office of the Supervising Scientist. It would be useful if you could place them on notice.

**Senator CROSSIN**—I did not think it would be to fair to drag Arthur down for five or six questions. He probably cannot believe I am being so light on him. I will put those on notice.

**Senator Ian Campbell**—I am very happy for Senator Crossin to get a briefing with the OSS in Darwin if that helps. I know sometimes it is good to have information on the record.

**Senator CROSSIN**—A briefing about what?

**Senator Ian Campbell**—On those issues about which you were going to ask questions. My experience of estimates over the last few days—

**Senator CROSSIN**—Thank you for the offer. I do actually just pick up the phone and drop in and have a coffee since they are at the airport.

**Senator Ian Campbell**—Good.

**Senator CROSSIN**—I did notice, Mr Cochrane, that there was an offer from you for a briefing about park fees. I will respond to that.

**Senator WEBBER**—I do not have anything else for Parks Australia.

**CHAIR**—Where do you want to go?

**Senator WEBBER**—Bearing in mind the limited time we have left to us because of some fairly slow progress made earlier in the day, I have a whole lot of questions, so obviously I

will now have to put most of them on notice. We are obviously not going to get to everyone. My apologies up front for keeping you here all night. I do have questions for you, so they will come. Every section has some questions. Can we go to the section that covers Tasmanian forests.

[10.18 p.m.]

**CHAIR**—We now move to the Land Water and Coasts Division.

**Senator WEBBER**—Can I get an outline of the new deadline and where we are at for an announcement on the federal government's protection of the old-growth forests. It was alluded to during the election. Are we any closer—

**Senator Ian Campbell**—There is no deadline. We have had constructive negotiations leading up to a summer holiday for the team. We have a team of people from both governments who have been working on achieving the outcomes of the federal election commitments. After all of the officers have had a well-earned summer holiday the team is reconvening to recommence the discussions.

**Senator WEBBER**—Do we have any idea of when we can expect an announcement—a rough ballpark?

**Senator Ian Campbell**—I have learnt not to set deadlines. They seem to say that I set a deadline of Christmas; I did not. The Prime Minister in the policy announcement set a deadline. The policy documents remain on our Liberal Party web site. They have now formed part of the government policy. They are available in contradistinction to Labor Party policies that seem to have been air brushed or removed. Sorry about that quip.

The original proposal was that the two relevant ministers, who are myself and Senator Ian Macdonald, would come back with a socioeconomic analysis. I think it is fair to say that that commitment has been kept. When we had not achieved the entire bedding down of the policy by—I think 1 December was the date—I made it clear to the media and, hopefully, to the people of Australia that we did not intend setting a new deadline because we were more focused on getting quality outcomes in terms of conservation and a robust jobs outcome than setting a deadline. But my public comments are the same as my private ones.

The Tasmanian government has come to the process with a constructive attitude and we are confident of a good outcome. If it were an easy thing to negotiate, it would have happened a long time ago. So we do not underestimate the complexity of the issues involved, but my still strong view is that both governments are capable of reaching a conclusion. If I said to the committee that we could have it resolved in a fortnight, I could be right but then it could be a month or it could be two or three months. It is just not something that we want to set any sort of deadline on because I think it could impact on the sort of goodwill that we have in the process. I think all Australians—and I think the Australian Labor Party included—would welcome a really good outcome here. We are aiming to get a fantastic outcome for the forests and a good outcome for the jobs.

**Senator WEBBER**—That is certainly an issue that needs to be resolved. So we have had a summer break. Has work resumed?

**Senator Ian Campbell**—Yes, it has.

**Senator WEBBER**—Right. I can understand your hesitancy in giving a commitment for a deadline. Which staff does the department have working on the discussions with the Tasmanian government?

**Dr O'Connell**—I lead the discussions for the department with Tasmania along with a representative from Prime Minister and Cabinet and from the Agriculture, Fisheries and Forestry Department. Dr Dickson, among other responsibilities, also looks towards forests and we have two or three people looking at the issues part time, I think.

**Dr Dickson**—We have a unit of three people who are temporarily seconded on this work, plus we have the resources of ERIN, our GIS support, who also has two people temporarily seconded primarily working on forests.

**Senator Ian Campbell**—That is E-R-I-N.

**Senator WEBBER**—Very impressive.

**Senator Ian Campbell**—That is another acronym. The environment department has more acronyms than anything else.

**Dr O'Connell**—I might add that we work as a team with the Agriculture, Fisheries and Forestry Department and Prime Minister and Cabinet. So there are more people across government who are working on the issue. The discussions obviously are whole-of-government discussions.

**Senator WEBBER**—So you have your team of people. Do you use any outside consultants as well or is it just that unit that has been established from existing staff?

**Dr O'Connell**—No, just that unit at the moment.

**Senator WEBBER**—Do you anticipate bringing in others?

**Dr O'Connell**—There is no obvious need at the moment, no.

**Senator WEBBER**—I was wondering if you could tell me what has actually happened to the Tasmanian Forests Unit. I was recently browsing, as is my wont, on your web site and found a job advertisement.

**Senator Ian Campbell**—Are you contemplating retiring?

**Senator WEBBER**—No, not so hastily—just being a stickybeak.

**Senator Ian Campbell**—We are always looking for good people in the department.

**Senator WEBBER**—I doubt I would meet your definition of 'good'.

**Senator Ian Campbell**—You could get the factions back in WA working furiously.

**Senator WEBBER**—Absolutely—I can get all sorts of things to happen. Anyway, this is a recent job advertisement for an APS level 6 in your division. It says at the bottom:

Please note that the Tasmanian Forests Unit will be disbanded later this year and this position and any remaining functions moved to the Conservation Incentives Section.

Why is that? That has intrigued me.



**Dr Dickson**—We are anticipating getting resolution on the Tasmanian forests issue in a reasonably short period of time. So it has never been an ongoing task, as has been made clear in the government policy in trying to get a resolution reasonably quickly. It is not an ongoing part of—

**Senator Ian Campbell**—They have great confidence!

**Senator WEBBER**—The department is a step ahead of you, Minister! When do you anticipate disbanding your unit, then?

**Dr Dickson**—We have not; it is open-ended. We have not made plans, but we need to make it clear when we are getting permanent employees that this is not a job for life in this particular unit.

**Senator Ian Campbell**—I would have thought Tasmanian forests are a job for life.

**Senator WEBBER**—They are always a matter of contention for life. So what are you going to do with that poor person—the successful applicant? Do they get disbanded when the unit disbands?

**Dr Dickson**—No. In my branch where the unit is situated there is quite a lot of related work to do with natural resource management policy, vegetation policy, forests and plantation work. The conservation incentives section has a considerable ongoing task. So they would be pretty gainfully employed there.

**Senator WEBBER**—But we cannot really get much more information about where we are going in Tasmania.

**Senator WONG**—Where is the renegotiation of the RSA in Tasmania at?

**Dr O'Connell**—You are talking about the implementation of the government's policy on reserves and other issues?

**Senator WONG**—Yes, that is probably a better way to describe it.

**Dr O'Connell**—The minister has just covered that issue.

**Senator WEBBER**—They are working on it. In the interests of making some fairly rapid progress, I think that I will put the rest of the Tasmanian forests issues on notice. We will move on to water now. As I understand it, this department and the department of agriculture are jointly administering the Australian Water Fund Communities Program. Have I got the right understanding here?

**Mr Slatyer**—That is correct. However, within our department that program will now be administered by the Natural Resource Management Programs Division. We could assist you with questions about the setting up of that program, but questions about the ongoing administration of that program you could hold to that division.

**Senator WEBBER**—This is getting very tricky. For someone who is new to this, I am only just going to work out where you all are and then it sounds to me like everything is going to move again.

**Mr Slatyer**—My colleague has just joined us from that division. If you want to pursue questions about that, we could handle it.

**Senator WEBBER**—Right. As I understand it, \$200 million is to be spent over five years. What is the anticipated spend in the current financial year?

**Mr Slatyer**—It is in the estimates. There is \$6.312 million allocated for this program.

**Senator WEBBER**—So we are having a quiet year this year.

**Senator Ian Campbell**—We are just trying to get it up and running. It is a whole new program.

**Senator WEBBER**—Are there any projects due to commence this year?

**Mr Tucker**—We envisage doing some demonstration projects this year to trial our systems to see broader projects that the community would be interested in putting forward and that is why we have also got the small start-up. We want to test some systems and make sure that we have got things in train, and we do not have a long time left in the financial year also to call for proposals. So this year there will be some demonstration projects before going to a full-blown public process next year.

**Senator WEBBER**—You have particular projects in mind for the demonstration?

**Mr Tucker**—We have approached a number of key groups, such as local government associations and some of the conservation groups, to come forward with proposals which we will assess as to whether they are suitable for the program and whether they meet our requirements.

**Senator WEBBER**—When do you envisage making those decisions about what is suitable?

**Mr Tucker**—We have asked for proposals, which should be with us shortly. We will do an assessment of them and then provide them to the minister for his consideration.

**Senator WEBBER**—What is ‘shortly’?

**Mr Tucker**—I think the current plan is to get something to the minister before the end of the month.

**Senator WEBBER**—Within that, is it anticipated—and this is probably something Senator Wong will be interested in—that any of these projects will be in relation to waterproofing Adelaide?

**Senator Ian Campbell**—I might just answer that since I actually know the answer, which is highly unusual.

**Senator WEBBER**—Congratulations!

**Senator Ian Campbell**—The \$200 million fund is for smaller community programs where the maximum is \$50,000. We certainly hope they, in an incremental way, help in Adelaide. I am keen to get across the 20-odd projects that we hope to get up and running this financial year. I would like to have a diversity of spread of technologies and also a geographic spread which is fair across Australia. So I certainly hope that each of our states gets one or two projects. I certainly would hope that Adelaide gets some. But I think the bigger fund will help in Adelaide and will provide support, subject to the state government signing up to the national water initiative—

**Senator WEBBER**—I am getting to the national water initiative.

**Senator Ian Campbell**—In South Australia I think it is very much in their interests to do so, and I would expect them to be a major beneficiary, or a significant beneficiary, of the \$1.6 billion component which is for those major capital works. I think it is fair to say that the work that has been done in the waterproofing Adelaide project, which was initiated by the Rann state government, is a very good resource for the two governments to work together on to see some historic projects to help Adelaide in the future.

**Senator WEBBER**—Bearing in mind that this is just getting up and running, have the program guidelines and assessment processes been finalised? Is anything available to the committee on that?

**Mr Tucker**—No, not yet, Senator. As I said, we are doing a trial at the moment, but clearly once that is worked through they will become public documents to guide future applications.

**Senator WEBBER**—When do we anticipate that will happen?

**Mr Tucker**—It will be before the end of the financial year, but I could not hazard an exact date.

**Senator WONG**—Do you administer the smart water fund as well, Mr Tucker?

**Mr Tucker**—No.

**Senator WONG**—Who does that?

**Mr Slatyer**—That program is administered by the National Water Commission in the Prime Minister's portfolio.

**Senator WONG**—Prime Minister and Cabinet, yes, and also the Raising National Water Standards program?

**Mr Slatyer**—Yes.

**Senator WEBBER**—It is very hard to keep track of where water is these days. Does the department have all the staffing and everything in place to deal with this program?

**Mr Tucker**—We certainly have some staff at the moment, and we have had a recruitment process that went out before Christmas to staff up adequately to implement the program.

**Senator WEBBER**—You are working on that. What do you anticipate the staffing level will be?

**Mr Tucker**—I have not got the exact figures in front of me—

**Senator WEBBER**—You can take that on notice, that is fine.

**Mr Tucker**—but we did get an agreement on the amount of staffing levels in the program from the department of finance. I think the total number was around about 20 people. The reason that administration of the program has come to my division is we have another program called Envirofund, which is also a small community grants program under the Natural Heritage Trust, so we have a fair bit of experience on how many people we need to do this sort of work. We have based our estimates on that previous experience. I think that is about 20.

**Senator WEBBER**—I appreciate I am jumping around a lot. As I say, I have put a whole lot of questions on notice. It will probably come as no surprise to the minister, but I would now actually like to turn to the proposal of the Kimberley canal.

**CHAIR**—Indeed.

**Senator Ian Campbell**—That is a project that, if it was to receive federal funding, would be subject to the state government signing up to the national water initiative—

**Senator WEBBER**—I am aware of that.

**Senator Ian Campbell**—and the national construction code, and would be a proposal that would be considered by the National Water Commission, which is administered by the Prime Minister and Cabinet department.

**Senator WEBBER**—I was wondering if the department in the meantime, bearing all of that in mind, has actually undertaken any work or any thought in relation to this project, in particular the environmental impact that such a proposal would have?

**Mr Borthwick**—Senator, we have not undertaken any work on that project.

**Senator WONG**—Have you been asked for any advice by government in relation to the project?

**Mr Borthwick**—No, we have not.

**Senator WEBBER**—There has not been any approach to the department by Tenix or anyone else in relation to the project?

**Mr Borthwick**—I am not aware of being approached by Tenix, no.

**Senator Ian Campbell**—I think, from my own knowledge—and I think this is all public—the Premier of Western Australia wrote to the Prime Minister, and I think the project was submitted by the Premier of Western Australia, a Labor Premier, seeking financial support. The Prime Minister wrote back to him saying, ‘We are prepared to look at proposals if you sign up to the national water initiative.’ I think that is all pretty well—

**Senator WEBBER**—That was for the feasibility study.

**Senator Ian Campbell**—No, no. He wanted to sound out federal support for the project. The PM wrote back to him politely and said, ‘Sign up to the national water initiative and we are prepared to look at it.’ So the Commonwealth has said, via the letter from the Prime Minister to the Premier, that subject to signing up to the national water initiative we would look at supporting it. He has also said the same thing publicly when Mr Barnett has committed a future Liberal government—if the Liberals get elected—to the same basis, so we have been very even-handed.

**Senator WEBBER**—If such a proposal was to go ahead, are there sources of funding within this department that could be accessed?

**Mr Borthwick**—Senator, no. It would be subject to accessing the Australian water fund, the \$1.6 billion which is in the Prime Minister’s portfolio.

**Senator WEBBER**—Is the department aware of any advice, or does it have any views, about the idea of moving water from northern Australia to southern Australia as a sustainable approach to water resource management?

**Mr Borthwick**—We have not looked at the project, Senator.

**Senator WEBBER**—This is a concept rather than a specific canal. This is an issue that has been around in Western Australia for a long time, but the canal is a fairly recent proposal.

**Mr Borthwick**—It is important to look at these things on their merits, and nothing has come our way, so we have not—

**Senator WEBBER**—So you have not looked at it at all.

**Mr Borthwick**—We have not invested the resources in it.

**Senator WEBBER**—Would such a project be subject to assessment under the Environment Protection and Biodiversity Conservation Act?

**Mr Borthwick**—It would be my expectation that it would be, yes.

**Senator WEBBER**—If that was the case, how long do you think that assessment of 3,700 kilometres of canal would take?

**Mr Borthwick**—It very much depends on the issues that arise and the information that is provided to us by the proponent.

**Senator Ian Campbell**—It is usually the case under the Environment Protection and Biodiversity Conservation Act of the Commonwealth for such a project that you would enter into a discussion with the Environmental Protection Agency in Western Australia. We seek to have a cooperative approach to the environment impact assessment so that you are not, as occurred under previous governments, going through two sets of assessments, and that is what happens with most major projects.

**Senator WEBBER**—I am relatively new to this. For a major project, how long does—I am not going to hold you to it, but—

**Senator Ian Campbell**—It depends on the state authorities to a large degree.

**Senator WEBBER**—But assuming my state of Western Australia is nice and cooperative, no matter who wins on 26 February—

**Senator Ian Campbell**—Which, quite frankly, the environmental authorities there usually are.

**Senator WEBBER**—That is right. Like three months, three years?

**Mr Borthwick**—It is very much in the hands of the proponent in terms of gathering the information that they need to do, and there needs to be rounds of public consultation around the environmental impact statement, so I could not hazard a guess. We are just not at that stage where we could—

**Senator WEBBER**—No, no. So no-one would know until we start how long it is going to take?

**Mr Borthwick**—No.

**Senator WEBBER**—It is an interesting position for the development of major infrastructure to be in, I must say.

[10.40 pm]

**CHAIR**—We now move to the Industry, Communities and Energy Division.

**Senator WONG**—Mr Bamsey, just remind me: the Photovoltaic Rebate Program, that went into output 1.2, emissions management. Is that right?

**Mr Bamsey**—Emissions management.

**Senator WONG**—Is that program continuing? Can people still apply for a rebate and, if so, for how long?

**Dr Wright**—The Photovoltaic Rebate Program has funding until the end of this financial year. Whether that program will continue or not is a matter for consideration in the budget process.

**Senator WONG**—Did the 2004-05 budget not indicate any funding to that program over the forward estimates?

**Dr Wright**—There is no funding beyond this current financial year.

**Senator WONG**—Remind me what the current financial year funding for the program was.

**Dr Wright**—It is a rebate program so the funding has to match the expenditure. On average, we have expended about \$5.7 million per annum during the life of the program.

**Senator WONG**—Let us go to the additional estimates statements—page 17, the additional moneys for the solar cities program. Is that additional appropriation or has that been reprioritised from other funding and, if so, where from?

**Dr Wright**—No, that is a new appropriation. That is funding that came through the government's energy white paper. It is not a reappropriation. It is not funded through offsets.

**Senator WONG**—Can you give any indication of why the funding dramatically increases so much for the two out years, 2006-07?

**Dr Wright**—The funding profile is indicative and is based on the initial design of the program. It could vary following the sign-off of guidelines and consultation with business. So it is indicative and that is when the initial gear-up in the program is expected.

**Senator WONG**—I think there was a discussion in the white paper inquiry we did about the solar cities program. It was indicated that the guidelines would be finalised by the end of the year. I presume the minister's press release in December 2004 was in relation to some draft guidelines. Is that when draft guidelines were issued?

**Dr Wright**—Mr Morvell will answer that question.

**Mr Morvell**—The minister approved draft guidelines which went out for public consultation in December. The public consultation ended in January, and we are in the process of taking account of the feedback on the consultations and written comments in finalising the guidelines which will go to the minister in the near future.

**Senator WONG**—So the guidelines are not finalised as yet?

**Mr Morvell**—No.

**Senator WONG**—And therefore no allocation of expenditure under those guidelines has yet been made?

**Mr Morvell**—No, apart from some departmental costs there is no administered money gone out yet.

**Senator WONG**—Can you tell me what the reference in the minister's press release to a trial being established in Adelaide relates to?

**Mr Morvell**—The Prime Minister announced that Adelaide would be one of the solar city sites, but there is still to be a competitive process to establish the exact nature of the activities in Adelaide and the actual sites in Adelaide. That competitive process will have the same criteria of assessment as the other bids for solar cities.

**Senator WONG**—I am a bit confused. Will the funding for the trial project in Adelaide be delivered via the application of these guidelines or not?

**Mr Morvell**—You suggest it is a trial project.

**Senator WONG**—I am actually using the minister's press statement.

**Mr Morvell**—No, it is a solar city trial in the same way as all of the other solar cities will be trials to look at a range of activities.

**Senator WONG**—Let us go back one step. How will Adelaide get its funding for this project—through application under guidelines which have not yet been finalised?

**Mr Morvell**—Correct.

**Senator WONG**—So therefore how can a decision have already been made that Adelaide will get them if we have not finalised the guidelines?

**Senator Ian Campbell**—Because you might have two or three different sites in Greater Adelaide.

**Senator WONG**—So there has been a political decision that there will be at least one in Adelaide. Is that reflected in the guidelines?

**Mr Morvell**—It is reflected in all of the public statements and the consultations.

**Senator WONG**—That was not my question, Mr Morvell.

**Mr Morvell**—It is in line with the Prime Minister's statement that there would be one.

**Senator WONG**—Answer my question. Is the fact that Adelaide is automatically going to get at least one project—I understand that is the minister's answer—reflected in the guidelines?

**Mr Morvell**—The guidelines are generic across all of the solar cities, so there is no specific guideline that refers to Adelaide, but the public consultation material around the guidelines made it clear that the Prime Minister had announced that Adelaide would be one of the solar city sites.

**Senator Ian Campbell**—So there are no special guidelines for Adelaide, but it is clear from my pronouncements and the policy that there will be one in Adelaide.

**Senator WONG**—What if none of the Adelaide applications meet the guidelines?

**Mr Morvell**—We have made it clear to all of the potential participants in Adelaide that they will have to come up with a proposal that meets the guidelines and will be judged against the criteria.

**Senator Ian Campbell**—Based on a lot of the fundamentals of Adelaide's energy market—

**Senator WONG**—Which I am well aware of.

**Senator Ian Campbell**—The words of Frank Sinatra's song, 'If you can make it there, you'll make it anywhere,' are probably pertinent. It has some very good fundamentals and great attractions as a place to have our first solar city because of the energy demand profile and the solar energy profile.

**Senator WONG**—Dr Wright, regarding the possible ending of the PVRP, has there been any analysis of the potential impact on Australia's domestic photovoltaic industry? What is likely to happen?

**Dr Wright**—No specific analysis has been undertaken.

**Senator WONG**—That advice has not been sought by government?

**Dr Wright**—No, Senator.

**Senator Ian Campbell**—Can I say, Mr Chairman, because it is very pertinent to this question: I am very keen and concerned to ensure we have a clear pathway between the PVRP scheme and the solar cities scheme to ensure that the PV industry does not suffer any adverse consequences. I have been making my own consultations. For example, BP Solar just announced an expansion of their PV operations in Sydney coincidentally the day I visited there—I think it was a coincidence—two Fridays ago. Origin Energy, which I think is based in Adelaide, has basically said that the solar cities program is a major inducement to expand its operations. There is a Perth based company which I have visited twice which has made a public announcement at the Stock Exchange that their expansion and takeover of another solar energy company on the stock market was also based on the Commonwealth's policy in relation to solar cities. These are impacts on some of the larger and medium sized players. I have concerns about some of the smaller PV players in the marketplace, and I want to make sure that we can find an appropriate bridge between the two policies.

**Senator WONG**—Is it intended that the program will end in June this year?

**Senator Ian Campbell**—That is the policy at the moment. That is the policy setting at the moment. We have solar cities setting up. As you know from what you have been hearing from Dr Wright and Mr Morvell, solar cities is full steam ahead in terms of the guidelines, the setting up and the commitment to get Adelaide going. That seems to be adequate for the bigger players in the marketplace and even the medium Perth based company. As to whether that is going to be adequate for some of the smaller companies, I think it is fair to say in my own mind the jury is still out. But I want to make sure we keep building a strong photovoltaic



and solar energy sector in Australia. It has been building very rapidly with the assistance of the Commonwealth policy in the past, and I want to see that continue. Solar cities will give it an enormous boost—everyone agrees on that—but I do not want to see any interim pain delivered to that industry as a result of Commonwealth policy.

**Senator WONG**—I understand you have ruled out an extension to the program.

**Senator Ian Campbell**—We are not ruling out anything. All I am saying is that I believe the Commonwealth's philosophy is to—

**Senator WONG**—I am sorry. I thought you said that the policy would end.

**Senator Ian Campbell**—The policy is that PVRP will end and solar cities is commencing. I want to make sure there is no impact on industry as one goes to the other. We have had strong indications from large and medium sized businesses that solar cities will create the sort of demand for solar systems, so much so that three companies—two big ones and one medium sized company—have all said they are expanding operations, increasing employment and creating increasing capacity. It is also fair to say that some smaller players in that marketplace have said that if the photovoltaic scheme finishes they may suffer. I accept that they are telling the truth to me. I am concerned about those. We have to see if solar cities can also be rolled out in a way that will assist them. If it cannot, I will have to look at what the Commonwealth can do. I want to see that industry continue to expand. It is a tremendously important industry to Australia's efforts to reduce greenhouse gases to make us a truly sustainable continent, and that is one of the solid commitments of the Howard government.

**Senator WONG**—Mr Morvell, you have said that the guidelines are being finalised currently. When do you anticipate they will be finalised?

**Mr Morvell**—We anticipate taking those to ministers to approve within the time frame of a few weeks.

**Senator WONG**—Do you have any indication or can you give any indication about how long it would take for projects to go through an application and consideration process under those guidelines?

**Mr Morvell**—Ministers have signed off on, at this stage, a two-stage process. The first stage will be a call for expressions of interest. We anticipate within the time frame of a month or a month and a half to call for expressions of interest. We have yet to advise the minister on how long we believe that call should be out. In the draft guidelines, we indicated probably a two-month period. We had a lot of feedback saying that was inadequate. The feedback came from a range of places such as local government, community organisations, business houses and energy retailers that might be involved. They have all expressed very strong interest in participation, but the challenge to the model we have put out there, which is that we want to see what ideas come from the community, shows they want a bit more time.

**Senator WONG**—We are not likely to see any expenditure via those guidelines for an application that is assessed and then granted funding under those guidelines in this financial year, are we?

**Mr Morvell**—Not in this financial year.

**Senator WONG**—When is your anticipated earliest date for any funding of projects under this program?

**Mr Morvell**—It is largely dependent on what happens during the expressions of interest phase and the extent to which we get the formation of consortia of interested parties. But certainly in relation to Adelaide, the potential participants are well advanced in discussions in joint consortia. We anticipate that during the next financial year there will be announcements about the first solar cities actual sites and projects and then some of the expenditure would start to flow. But a large proportion of the expenditure profile is in the following year, and that is where we would see most of the money being spent.

**Senator WONG**—I have other PVRP questions, but I will put them on notice because I think Senator Webber has some other questions.

**Senator WEBBER**—Thank you. I do not think we are going to get far with this, but we will have a go. I refer to Kyoto. How are we going with respect to our Kyoto greenhouse emission target of 108 per cent by 2008 to 2012? Do we expect to meet the target?

**Mr Bamsey**—Yes, we do. Our latest projections confirm that we are on track to meet our target.

**Senator WONG**—Can you provide those?

**Senator WEBBER**—Yes. Can you provide us with those?

**Mr Bamsey**—They have been published. They are available on the web. We would certainly be very happy to give you a copy of the relevant brochures.

**Senator WEBBER**—That would be fantastic. How is the department monitoring our performance?

**Mr Bamsey**—In a number of different ways at both the microlevel and the macrolevel. Mr Carruthers is in charge of this area of the department's activities, so I will ask him if he will provide you with some details.

**Mr Carruthers**—The Australian Greenhouse Office is provided through the appropriations in the current budget with an emissions measurement and analysis program. The principal outputs from that are in accordance with the wider international practice—that is, each year an inventory of national greenhouse gas emissions is published by the government, and that typically occurs in April of each year. It gives the trends in emissions from 1990, the base year for the purposes of the Kyoto emissions target, through to recent times. The latest inventory goes through to the year 2002 and the next inventory due for release around April will go through to 2003. Again each year the government releases projections of emissions across each of the sectors of the economy into the future through to the years 2008 to 2012, the Kyoto target period, and in the longer time frame through to 2020. That material is published and available on our web site and in hard copy along with all of the methodologies. We work very closely with a range of interested technical bodies and industry groups in ensuring the quality of that information.

**Senator WEBBER**—Bearing in mind that I am new to this, you publish an inventory. How do we establish that inventory?

**Mr Carruthers**—Could you repeat that please?

**Senator WEBBER**—You say you publish an inventory. How do we actually establish that inventory?

**Mr Carruthers**—There is a set of methodologies that are developed, and their foundation is the internationally agreed guidelines for preparation of national greenhouse gas inventories produced by the Intergovernmental Panel on Climate Change as the technical body concerned. They are adopted under decisions of the United Nations framework convention on climate change. So we produce a set of methodologies which are tailored to the Australian situation. As I said, they are published. The methodologies are publicly available and reviewed periodically. The annual inventory itself is subject to independent international review by a review team under the UN framework convention.

**Senator WEBBER**—That is reviewed annually, or just periodically?

**Mr Carruthers**—No, it is reviewed annually.

**Senator WEBBER**—Has any work been done on how Australia would perform in an international carbon trading market?

**Mr Bamsey**—No recent work.

**Senator WONG**—You used to have some people. We used to talk about them often.

**Mr Bamsey**—We did.

**Senator WEBBER**—What happened to them?

**Mr Bamsey**—I refer you to the previous discussions in estimates.

**Senator WONG**—Just remind me what that was.

**Senator WEBBER**—Yes, I was not here.

**Mr Bamsey**—The team we had working on market mechanisms is no longer in place.

**Senator WONG**—Why?

**Mr Bamsey**—The government has not asked us to do work on emissions trading, to give you the bottom line.

**Senator WONG**—Was the department asked by the government for advice regarding the potential cost impact on electricity costs as a result of any commitment to a national carbon trading scheme?

**Mr Bamsey**—Not recently, no.

**Senator WONG**—Not recently.

**Mr Bamsey**—No. We published some years ago some modelling that may have had those sorts of numbers, but we have not done any work recently.

**Senator Ian Campbell**—There is some very excellent work available from Allen Consulting Group, which is publicly available.

**Senator WEBBER**—So we no longer have a team working on it. There has been talk of the development of an international market. It would not be the view that, therefore, that is something that we should be involved in?

**Mr Bamsey**—Under the Kyoto protocol, international emissions trading is provided for, but Australia, as I am sure you are very well aware, will not be a party to the protocol when it enters into force tomorrow.

**Senator WEBBER**—Therefore, no further work is going to be done in that area.

**Senator Ian Campbell**—To the contrary. I have actually indicated that I strongly believe that in the future if you have a comprehensive agreement that includes all major emitters, then a trading arrangement will be part of the answer to climate change.

**Senator WEBBER**—Why disband the work that we are doing on it, then?

**Senator Ian Campbell**—It is not an imminent thing. We are trying to put our resources where the best return for Australian taxpayers is at the moment. That work is in looking at technological solutions, looking at bilateral work. For example, we have a bilateral arrangement with one of the world's biggest and quickest growing emitters, that is, China. We are working bilaterally with nations within the Asia-Pacific region. We have a very good bilateral arrangement with New Zealand. We are putting work in where there is a clear pathway to results so that we are not chasing rainbows or Valentine's Day sort of scenarios.

I have indicated very clearly that my own view—and it is the government's view, I might say; the Prime Minister said this back in 1997 and has repeated it since then—that the use of market mechanisms is a very important way to an approach that is likely to succeed in reducing greenhouse gas emissions across the globe. This is a purely global problem—one of the truly global environmental problems—that affects every corner of our earth. Unless you have a comprehensive agreement that includes all of the emitters, then the scheme is likely to be unsuccessful. When it becomes clear that the US, China, India, South Korea and others are likely to want to be part of an emissions trading scheme, then Australia will not be in the queue behind them; we will be in the queue in front of them.

**Senator WEBBER**—Therefore, would the government's position change if the US signed up, or would you require—

**Senator Ian Campbell**—Signed up to what?

**Senator WEBBER**—Signed up to—obviously not Kyoto—a protocol, or do you need all of those countries that you have just listed?

**Senator Ian Campbell**—I think the practicalities of particularly the UN framework convention on climate change and the discussions that are going on around it are that we are holding a seminar as an interim discussion between the two Conference of the Parties events. We just had COP10, it was called, and we have COP11 being scheduled for later this year, I presume. We agreed at COP10 in Argentina that there would be a seminar and that seminar is focused on what is becoming called either post Kyoto or beyond Kyoto. Some people think that there is a subtle difference. I do not particularly care. Australia has made it clear to the world that we are very interested in looking at post Kyoto and what happens there.

I have made it very clear that finding agreements that are comprehensive and include all major emitters is very much part of what Australia wants to work for. That is not readily accepted by a lot of people. Some people in Australia were not happy with what I said. Some people in Australia said that I had upset the US by what I had said. What I have said is that we need to find a pathway forward. It needs to include all of those major emitters. The seminar is an opportunity to progress that. The G8 meeting, which is being hosted by Great Britain and which Australia has been invited to, is yet another forum that can progress those discussions and so can the work within our region that Australia is hosting. We are having an Australia-New Zealand business government forum hosted by the Pew Center—a leading world think-tank which I believe is creating some of the best work in this place, and which will be held in Sydney in mid-April.

It is through those sorts of discussions that you are likely to create a consensus around a post Kyoto framework which could include market based mechanisms. My prediction is that those market based mechanisms are unlikely to look a lot like what we have in the Kyoto protocol, because the Kyoto protocol has some fundamental flaws in it which are already emerging to those who can see them, and will emerge more clearly over coming weeks. You have seen just overnight, which I am happy to table before the committee, or provide to you privately, a significant fight now between Great Britain, who are seeking to bring in the units that they want to trade within the European Union carbon market, and the European commission, which has rejected the UK's approach as not conforming. So even within that very fledgling carbon market that has just been spluttering and coughing to start over recent weeks, you have already got a fundamental breakdown between the UK government that has a strong political will to be part of that carbon market and the people who are running the market. So it is not an easy thing the world is trying to do, but Australia will be right up there at the forefront of trying to find practical, sensible, achievable, workable post Kyoto outcomes. We will not be the last people to be in it; we will be right up the front of it.

**Senator WEBBER**—But what is the threshold for us in terms of where we actually are?

**Senator Ian Campbell**—We want all major emitters.

**Senator WEBBER**—So we do not get involved until everyone is on board.

**Senator Ian Campbell**—No, I have actually said the opposite to that. Australia is leading the post Kyoto push. Our federal election policy was beyond Kyoto. We have made a very high-level political decision to be part of the leadership towards what happens post Kyoto and that is where I intend keeping us.

**Senator WONG**—As we are running out of time, can I put a couple things on notice. I do not think that I have covered the conferences.

**Senator WEBBER**—No, I have not done conferences.

**Senator WONG**—To whomever in the department is appropriate: the UN Conference of Parties to the UN Convention on Climate Change in Buenos Aires in December 2004 and the UK government conference in Exeter in early February 2005: did any DEH officials attend and what was the total cost of their attendance? What was Australia's status at the conference? Did the department, the minister or any other Australian agency host any functions at the

conference and, if so, what was the funding, its purpose and its cost? Can I ask now something about the minister's web site?

**Senator Ian Campbell**—Is that a question on notice?

**Senator WONG**—Yes, it was. This is not a question on notice. Can I ask who maintains the ministerial web site? You get the link from the department to his web site.

**Mr Borthwick**—The department does.

**Senator WONG**—So who makes the decision about what is on and what is off and what is taken off?

**Mr Borthwick**—Ultimately, it is myself in consultation with the minister.

**Senator WONG**—Who decides what is put on it?

**Mr Borthwick**—The minister decides what goes on his web site. But the department keeps an interest in what is on the web site.

**Senator WONG**—Is it the case that there have been various comments from the minister regarding climate change which were on the web site and have been removed?

**Mr Borthwick**—I am not aware of that, Senator.

**Mr Bamsey**—I am not either, Senator.

**Senator WONG**—Mr Bamsey, do you have an involvement in this, too?

**Mr Borthwick**—No, but I do keep a close ear and an eye on what the minister is saying on climate change, and I am not aware of any of that.

**Senator WONG**—Is the minister's statement to the *Sydney Morning Herald* in January regarding climate change being the pre-eminent environmental issue on the minister's web site now?

**Mr Borthwick**—I just do not know if it is on the web site.

**Senator WONG**—Well, who is responsible for it?

**Senator Ian Campbell**—If it is not there, it should be. I said in my very first interview as environment minister that I regard climate change as a serious issue and probably the biggest issue that confronts Australia, so—

**Senator WONG**—I think I heard that interview, Senator.

**Senator Ian Campbell**—It is the pre-eminent issue. I have said it in the parliament. I have said it in the *Sydney Morning Herald*. I can honestly say that I have given no instruction about what goes up on my web site or what goes down. I am not into the Lathamesque airbrushing business. Like most politicians, I say some stupid things sometimes and have to live with them.

**Senator WONG**—He must have really got under your skin. You keep mentioning him.

**Senator Ian Campbell**—No, no.

**CHAIR**—Do you have any other questions or would you like to put them on notice?

**Senator WEBBER**—We will put them on notice. There are two or three minutes to go, so it hardly seems fair to open up something new. As I said earlier, I am sorry we had all those people who had to wait, but I think communications got bogged down so we have run out of time.

**CHAIR**—Communications did get a bit bogged down.

**Senator WEBBER**—So there is a whole lot of stuff here coming on notice.

**CHAIR**—That is one of the problems, I suppose. We need to prioritise things, have time lines and focus a bit more on what the essentials are in each of these sections because at the end of the day we end up with, as we have tonight, people who have been called and who are waiting.

**Senator WEBBER**—We have jumped around a lot. It would then require going back and expanding on it. It is probably fair to people who have had to wait all day to let them go home to bed.

**CHAIR**—I think we have come to the end of this hearing. I just remind everybody that the committee has determined that the deadline for answers to questions placed on notice at the hearing today is the close of business on 8 April 2005. I also remind senators that the deadline for written questions to be placed on notice is by the close of business this coming Wednesday.

With that, this completes the examination of the Environment and Heritage portfolio and the ECITA supplementary additional estimates. I thank the ministers and all officers for their attendance today. I thank Hansard and Broadcasting for their ever-efficient services, and I thank the committee secretariat for their great support for this committee.

**Committee adjourned at 11.14 p.m.**