



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION
COMMITTEE

ESTIMATES

(Additional Estimates)

TUESDAY, 14 FEBRUARY 2006

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SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE

Tuesday, 14 February 2006

Members: Senator Mason (*Chair*), Senator Murray (*Deputy Chair*), Senators Brandis, Carol Brown, Fifield and Forshaw

Senators in attendance: Senators Brandis, Carol Brown, Carr, Chris Evans, Fifield, Joyce, Mason, Moore, Murray, Sherry and Robert Ray

Committee met at 9.03 am

FINANCE AND ADMINISTRATION PORTFOLIO

Consideration resumed from 13 February 2006.

In Attendance

Senator Santoro, Minister for Ageing

Department of Finance and Administration

Executive

Dr Ian Watt, Secretary

Ms Thea Daniel, Executive Officer

General

Mr Jonathan Hutson, General Manager, Corporate Group

Mr Ian McAuley, Branch Manager, Parliamentary and Corporate Support

Mr Michael Hirschfeld, Branch Manager, Strategic Partnerships

Ms Philippa Crome, Acting Branch Manger, HR Services Branch

Mr Neil Skill, Corporate Group Point Person

Mr Geoff Hill, Director, Portfolio Coordination Unit

Mr Glenn Black, Senate Estimates Coordinator

Ms Kimberlee Trent, Portfolio Coordination Unit

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

Ms Samantha Dickinson, FeSG Point Person

Outcome 1

Mr Phil Bowen, General Manager, Budget Group

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

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

Mr Peter Saunders, Division Manager, Government and Defence Division

Ms Jackie Wilson, Division Manager, Social Welfare Division

Mr Mathew Fox, Branch Manager, Budget Coordination Branch

Mr Luke Stanley, Budget Group Point Person

Ms Kathryn Campbell, General Manager, Financial Management Group

Ms Anne Hazell, Division Manager, Financial Reporting and Cash Management Division

Mr Brett Kaufmann, Branch Manager, Financial Reporting Branch

Ms Leanne Yannopoulos, Branch Manager, Cash Management Branch

Mr Tony Olliffe, Financial Reporting Branch
Ms Karen Doran, Division Manager, Superannuation and Governance Division
Ms Sandra Wilson, Branch Manager, Superannuation Branch
Dr Tom Ioannou, Governance Structures Branch
Mr Ian Willis, Acting Director, Office of Evaluation and Audit
Mr Patrick Batho, Acting Branch Manager, Office of Evaluation and Audit
Mr Michael Culhane, Acting Division Manager, Financial and Budget Framework
Mr Neil Robertson, Acting Branch Manager, Finance and Banking Branch
Mr Marc Mowbray-d' Arbela, Branch Manager, Legislative Review Branch
Mr Justin Bassi, Financial Management Point Person

Outcome 2

Mr David Yarra, Acting General Manager, Asset Management Group
Mr Robert Butterworth, Division Manager, Shareholder and Asset Sales Division
Mr Rick Scott-Murphy, Division Manager, Property and Construction Division
Mr John Grant, Division Manager, Procurement Division
Mr Mike Loudon, Branch Manager, Procurement Division
Mr Geoff Anderson, Branch Manager, Major Projects Branch, Immigration
Mr Fraser Roughton, Acting Branch Manager, Property Management Branch
Mr Philip Smith, Branch Manager, Government Businesses and Private Financing Advice Unit
Mr Guy Donald, AMG Point Person
Mr Simon Lewis, General Manager, T3 Sale Taskforce
Mr Mark Heazlett, Branch Manager, T3 Sale Taskforce

Outcome 3

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

Outcome 4

Ms Ann Steward, General Manager, AGIMO
Mr Patrick Callioni, Division Manager, AGIMO
Mr Brian Stewart, Branch Manager, Strategic Directions
Ms Robyn Fleming, Branch Manager, Investments and Enabling Projects
Ms Bethany Williams, AGIMO Point person

Australian Electoral Commission

Mr Ian Campbell, Electoral Commissioner
Mr Paul Dacey, Deputy Electoral Commissioner
Ms Barbara Davis, First Assistant Commissioner Business Support
Ms Kathy Mitchell, Director, Funding and Disclosure
Mr Tim Pickering, First Assistant Commissioner Electoral Operations
Ms Paula Anderson, AEC Point Person

ComSuper

Mr Leo Bator, Chief Executive Officer

Ms Michelle Crosby, Chief Finance Officer

Mr Marcus Markovic, Executive Manager, Military Schemes and Pensions

Public Sector Superannuation Scheme/Commonwealth Superannuation Scheme Boards

Mr Peter Carrigy-Ryan, Chief Business Operations Officer

Mr Steve Gibbs, Chief Executive Officer

Commonwealth Grants Commission

Mr John Spasojevic, Secretary

Mr Malcolm Nicholas, Assistant Secretary

Mr Owen Rodda, Director, Corporate Services

CHAIR (Senator Mason)—I call the committee to order and welcome everyone. I have an opening statement that replicates yesterday's opening statement and I will not read it out. Suffice to say that it is available if people want to read it. It relates, of course, to the framing and answering of questions by witnesses. It is available from the secretariat. I would like to welcome Senator Santoro, who is standing in this morning for Senator Minchin, who I understand may be available later on today. Dr Watt and officers, welcome back. It is good to see you all again. The way we will proceed this morning is that we will commence with the department. We will start with general questions and move through the outputs as listed on the agenda.

[9.04 am]

Department of Finance and Administration

Senator SHERRY—Firstly, do we have an explanation as to why Senator Minchin cannot attend?

CHAIR—He is still sick, but I understand he is on the mend. Hopefully he will join us later on this morning.

Senator SHERRY—I thank you, Chair, for allowing me that latitude last night. I did not thank you on the record. You make a fine minister-in-waiting. I am very pleased at your approach and flexibility.

CHAIR—Thank you, Senator Sherry.

Senator MURRAY—I had better add my thanks, too, since I had the last word.

Senator SHERRY—I do note that we will at least get some Iced Vo Vos this morning—after that long wait yesterday. I have one clarifying issue. My colleague Senator Evans has some questions on funding for the Indigenous Land Corporation. My assumption is that that comes under output 1.2.4—Office evaluation and audit (Indigenous programs). Is that correct?

Dr Watt—No, I do not think it does.

Senator SHERRY—I do not want to ask questions on it now; I just want an indication of where it would fall.

Dr Watt—Finance is not responsible for the Indigenous Land Corporation. We do have a joint oversight role, but it is not part of the Office of Evaluation and Audit and would be better asked of the department directly responsible, which is the rebadged Department of Families, Community Services and Indigenous Affairs, as far as I am aware.

Senator SHERRY—Where does it fall within—

Dr Watt—Sorry, it is actually the Department of Employment and Workplace Relations.

Senator SHERRY—Where does it fall within your oversight? I am going to leave Senator Evans to—

Dr Watt—It would fall under the Asset Management Group and Mr Yarra.

Senator SHERRY—I do not have anything at the moment; I am just asking for Senator Evans where that would come.

Dr Watt—It would come under outcome 2.

Senator SHERRY—Property management?

Dr Watt—The shareholder responsibility.

Senator SHERRY—Which program is that?

Dr Watt—Outcome 2, as far as I am aware.

Senator SHERRY—I am looking at outcome 2. Which output within outcome 2—property management?

Dr Watt—Output group 2.1, Government business.

Senator SHERRY—Which subcategory?

Dr Watt—Output 2.1 is the output. I do not have the subcategories to hand.

Senator SHERRY—Anyway, it is output 2.1. I hope Senator Evans' office is watching. Before we get underway, do you or any of the officers want to correct any of the evidence given at the last estimates hearing?

Dr Watt—Not that I am aware.

Senator SHERRY—You are not aware of any corrections?

Dr Watt—There was a correction entered by Mr Lembit Surr shortly after those hearings. I think the committee has that, and I assume it was circulated to all members.

Senator SHERRY—I want to go to the answer to question on notice F48, which related to Finance's estimates performance. Do you have the answer there?

Dr Watt—I am getting the answer.

Senator SHERRY—The question—without wanting to read the whole question—wanted to identify benchmarking with respect to forward estimated expenses and final outcome. That is the guts of it. You provided an answer—thank you for that—and the variations on the budget through 2003-04 and 2004-05. Could you take me through the 2003-04 line and then the 2004-05 line and explain what each of the boxes means on each of the lines?

Dr Watt—Certainly. I would ask Dominic Staun, our chief financial officer, to do that. There is one point that it is important to make. It is easy to confuse Finance's own estimates, which these are, with the estimates for overall government expenses. We should be clear that we are dealing with expenses within the Finance portfolio—no more than that.

Mr Staun—Taking 2003-04, as you can see there are a number of variations, both up and down. If we take the first variance of 9.69 per cent, that represents \$670 million, the major component of which relates to superannuation choice and a variation resulting out of that by the actuary.

Senator SHERRY—Before you go on, in what way did super choice lead to that variation?

Mr Staun—I would have to ask the superannuation people to come in and explain the very detail of that.

Dr Watt—We are happy to have that detail, if you would like it.

Senator SHERRY—Yes, it might be easier to deal with the now. I know they will be here later. I am a bit intrigued as to how that in itself can lead to such a variation. While we are waiting, you could go on.

Mr Staun—The next variation is a reduction of \$123 million and economic parameter changes in relation to superannuation again was the main component of that. Similarly, the next change down was \$823 million and major variations relating to that include a further flow-on from the Australia Post-Telstra payout, economic parameter variations and, again, actuarial revaluation.

Senator SHERRY—Actuarial revaluation of what?

Mr Staun—Of the superannuation liability. Then there was a very minor final change.

Senator SHERRY—And the lines for 2004-05?

Mr Staun—Very similar reasons. In the first change, it is \$267 million, the major variations of which were policy variations, economic parameters, offset by an actuarial revaluation. Similarly, \$1.288 billion was the actuarial revaluation of the liability—\$879 million of that relates to actuarial revaluation. Then there are two minor variations in the further two estimates.

Senator SHERRY—Thank you. The figures are, I think, significant. Is it possible for Finance to put in place anything that would improve this situation?

Dr Watt—If you are asking me whether we can stop actuaries changing their minds or coming up with new data or new experiences or the evolving superannuation claims history for the CSS and the PSS, the answer is no. But we have put a number of things in place to try and improve the situation and to prevent what are, as you said, large movements, primarily in a very large aggregate superannuation. We will have our superannuation people here in a tick and they can give you a little more detail.

Senator SHERRY—Okay. So the bottom line is primarily a superannuation actuarial valuation. Effectively, you have to accept, in this case, an independent actuarial evaluation. You are obliged to accept that, effectively.

Dr Watt—We test the actuarial work that is done for us, as you would expect—as part of the normal process of testing estimates—and take a significant interest in it. But at the end of the day, if our actuaries—who are very reputable actuaries, as you would expect—tell us that

these are their latest figures, we would have no choice but to accept them, even if we wish to do otherwise, because that is the best professional advice we can get.

Senator SHERRY—I notice the superannuation people have just come in.

Dr Watt—You have an acute eye.

Senator SHERRY—They are not unfamiliar to me. I note that the officers have come to the table. I was just querying the significant variations in expenses in the final outcomes. The explanation primarily being advanced across all categories in both years related to superannuation issues. In 2003-04 the officer mentioned in respect of the 9.69 per cent variation the implementation of superannuation choice. I am interested to know how that policy—and that is not an actuarial issue—led to such a significant variation.

Ms Doran—I am afraid that I am probably not going to be able to give you the detail of answer right at the moment. I am happy to take it off line and find more detail for you. My understanding, though, is that as a result of the latest long-term cost report, which our actuaries completed based on data at 1 July 2005, there was a more accurate estimate of the impact of the closure of the PSS defined benefit scheme and the start of the accumulation plan. I believe that these variations reflect the refinement in those estimates. So it is not the first time that choice has been reflected in our estimates but rather a refinement on the basis of the actuaries' best advice in the latest long-term cost report.

Senator SHERRY—I can understand a significant variation in terms of fund closure, but you said '1 July 2005'. How did that impact on those figures in 2003-04?

Dr Watt—We will get the right person who has the marshal of the detail here to answer your questions rather than try to push it any further. We will get someone here shortly.

Senator SHERRY—And we will obviously get the officers from the public sector super a bit later, so we will wait until they arrive. I think all of the issues that I have flow on as a consequence and relate to those variations.

Dr Watt—We are happy to pick that up in due course.

Senator SHERRY—Okay, we will deal with that later on. On a programming issue I have some questions with respect to the Future Fund Management Agency, which is coming later. Some of the questions may relate to officers who are actually overseeing the project in Finance itself. How best should we deal with this?

Dr Watt—We do not have a Future Fund Management Agency yet.

Senator SHERRY—I am aware of that.

Dr Watt—The questions are probably better directed to the department. We can take them now or later. We are at your disposal.

Senator SHERRY—We may as well as deal with that issue now then. The Future Fund Management Agency is listed. I assume that the chair is not going to be here. He is the only employee, isn't he?

Ms Campbell—Mr Murray is the chair designate, but until the Future Fund is established they are not going to appear before the committee.

Senator SHERRY—I just want to clarify that. The chair designate has not been appointed yet legally?

Ms Campbell—The Future Fund is yet to be established. Once it is established, he will be the chair of the Future Fund.

Senator SHERRY—Yes, but that was not answering my question. Has he been appointed yet legally?

Ms Campbell—He will not be appointed until the Future Fund is established.

Dr Watt—As you would be aware, we do not have legislation through the parliament yet.

Senator SHERRY—Yes. That is coming up in the next sitting week, I suspect, or it will be finalised in the next sitting week. Just on that issue, as Mr Murray is the chair designate and the legislation has not passed, on what basis is he making public statements? He has made quite a number of them, I notice, on a range of issues to do with, for example, investment strategy. How can he make such statements prior to the creation of the fund and, in fact, prior to the creation of the board itself that will have the ultimate legal authority?

Ms Campbell—Mr Murray has been engaged by the department as a consultant on the Future Fund and he is providing us advice in the lead-up to the formalisation and the final passing of the legislation.

Senator SHERRY—I understand that. So he is a consultant at the moment. I am trying to recall an occasion when consultants have made public statements about future directions, and I cannot think of one, to be frank. But he is a consultant at the moment; he has not been appointed.

Dr Watt—I think the point is that as chair designate, Mr Murray will have an important role in shaping that policy in the future. Clearly, he has views to articulate and he has been doing so. I do not think that we can really say any more about his motivation.

Senator SHERRY—No-one would question that he will have an important role. I do not disagree with you, Dr Watt. Can you give me the name of anyone who is a consultant to the Department of Finance and Administration in your experience and knowledge who has been making public comment? I cannot recall one.

Dr Watt—It is not usual. Mr Murray's appointment is a little unusual in that he is not your standard consultant. He is chair designate of the Future Fund and he has been taken on as a consultant to work on fund related issues. It is exactly what you would want out of someone who (a) has a great deal to offer, as you would appreciate, and (b) is the chair designate and once the legislation is established will presumably be appointed chair. So I do not think that he is quite the usual consultant.

Senator SHERRY—I accept that he is not usual consultant but I am making the point that the legislation has not been passed and there is no board and I am questioning whether or not he should be making public pronouncements yet on directions when the board has not even been appointed, let alone met, and the legislation has not been passed. I have to say, they are public pronouncements of significance when you read them in the media.

Dr Watt—I suppose there are two points. Firstly, this is really more a matter for ministers than for me—and I think that is a fair point to be making in terms of the broad direction of policy.

Senator SHERRY—Is that a prod to someone to the left of you, Dr Watt?

Dr Watt—No, not at all. I think that it is a fair comment. Secondly, Mr Murray is well versed and able to speak on these matters and obviously he will be someone whose views will help shape the ultimate policies the board introduces. He would be the first to admit that he is no more than the chair designate and, insofar as I have seen his public statements—and I do not pretend to have read every detail of them—I do not think that he has ever suggested he was speaking on behalf of the government or on behalf of the board.

Senator SHERRY—On whose behalf is he speaking? I am reading all these comments in the media, and he is a consultant.

Dr Watt—He can be speaking no more than as chair designate.

Senator SHERRY—Isn't it reasonable given that he is making public statements at the moment that he should be here at estimates today?

Dr Watt—I am not sure that that is the case, Senator.

Senator SHERRY—You cannot have it both ways. You say that he is the chair designate, and that has been announced but not legally confirmed, and he is making statements about possible—and I would argue that some of them are a bit more than possible—directions of the Future Fund, why shouldn't he be here today?

Dr Watt—I think that we can answer the sorts of questions that we normally take at estimates for you quite happily.

Senator SHERRY—But you cannot, frankly. You cannot speak for Mr Murray.

Dr Watt—No, and I am not intending to.

Senator SHERRY—And I do not think that you would. I am not particularly criticising you; I do not think that it is your fault that this has occurred. Maybe the minister can throw some light on why Mr Murray is not here to answer questions.

Senator BRANDIS—Dr Watt, given that the Future Fund is not constituted, on behalf of which agency could Mr Murray speak?

Dr Watt—He certainly cannot speak on behalf of any existing agency—and I think that is a fair point—and I do not think he has been.

Senator BRANDIS—I am not suggesting that Mr Murray has done anything wrong. It just seems to me that there is a flaw at the heart of Senator Sherry's line of questions, which is that Mr Murray could not represent before this committee any agency or constituted authority of the Commonwealth. I think there is even a jurisdictional issue as to whether these questions could be asked of him.

Senator SHERRY—If I accept your point, why is he making public comment—significant public comment—about the policy direction of a board yet to be created and an agency yet to be created?

Senator BRANDIS—To respond to your question, there is a difference between a man who is the designated head of an agency to be created making observations in relation to what it might do, which may or may not be proper, and a person who is not the head of any constituted agency being answerable to an estimates committee.

Senator SHERRY—I do not know whether Senator Brandis has read Mr Murray's public comments—

Senator BRANDIS—I have read some of them but I do not claim to have read all of them.

Senator SHERRY—but they are quite extensive. They go in many respects to the way in which fundamentally the Future Fund will operate.

Senator BRANDIS—But that does not make him answerable to an estimates committee if the agency is not constituted.

Senator SHERRY—Anyway, I have made my point. Does the minister have anything to add in terms of Mr Murray appearing here?

Senator Santoro—Your question, with respect, is not even academic in terms of its significance. You acknowledged yourself before that the agency is still to be established by legislation. Mr Murray is only chair designate. I think that Dr Watt has answered the question in as straightforward a way as possible. I do remind you that once David Murray is appointed and the enabling legislation sets up the Future Fund, you will be able to come back here and question him about the way that he directs the Future Fund and influences it in terms of policy. You could probably then ask the questions of him that you ask now.

CHAIR—Dr Watt, is Mr Murray receiving public money?

Dr Watt—He is receiving money for his consultancy—that is correct.

Senator SHERRY—I think there is an interesting issue there. We cannot resolve it here and now.

CHAIR—That may be a sufficient link, Senator Sherry, I do not know.

Senator SHERRY—That is right. I think that issue could be combined with the fact that he is making statements about, at the very least, investment options and policy options for a yet-to-be-constituted board.

Senator BRANDIS—That is not right. When you say he is receiving public money through his consultancy, is he being retained in a private capacity, in effect, as a contractor?

Ms Campbell—Yes, he is being paid as a consultant.

Senator BRANDIS—So he is in no different a position from any other contractor to the Commonwealth who is paid a fee for rendering professional services and professional advice—is that right?

Ms Campbell—Yes.

Senator BRANDIS—So he is in no different a position from, for instance, a law firm retained by the Commonwealth to give it professional advice on legal issues?

CHAIR—That might be privileged.

Senator BRANDIS—It is not a question of privilege. He is in no different a position from any professional person retained by the government to provide advice of some form. Is that right?

Ms Campbell—He is in no different a position.

Senator BRANDIS—A law firm or an engineering firm, for instance, or any other professional consultancy would not be answerable to a Senate estimates committee, so why should Mr Murray be if that is the only link?

Ms Campbell—The department would answer those questions. The questions would be directed to the department.

Senator SHERRY—I certainly have questions for the department. Chair, could you clarify this issue and get some advice? If in fact Mr Murray, by virtue of his payment and contract—and I do not know the details of it—can appear before estimates, I would put in a request that he do so.

CHAIR—We will just have to find out his status.

Senator SHERRY—I will leave it with you to check on the status.

Senator BRANDIS—We know the status. He is a private contractor, we have just been told.

Senator MURRAY—There is something I would like to establish through you from the department, rather than the minister. If a consultant is employed on the basis you have outlined, they are responsible and liable for their own actions. If a consultant or contractor makes public statements which result in them being sued, they would be responsible and liable for their own actions. So, if there was some crazy person out there who heard what Mr Murray said and decided to change their investment decisions or some kind of financial decision in a major way and then suffered a loss and claimed it was because of the statements he or she had heard, I assume that, because the person is a contractual consultant, the government would not indemnify or cover their actions as they would a public servant or an employee in a normal case. He, in law, is entirely liable for and responsible for what he says in the public arena.

Ms Campbell—We have not sought legal advice on that matter, but we can have a look at the contract and come back to you on that.

Senator MURRAY—But I suggest to you that if you have not got a formal indemnity clause in your contract—and you should advise us if there is—then that would be the case at law.

Dr Watt—We will check the nature of the contract and come back to you fairly quickly, I think.

CHAIR—That would be helpful.

Senator BRANDIS—Just to make this perfectly clear: is the only financial relationship at the minute between Mr Murray and the Commonwealth the payments made to him under his consultancy?

Ms Campbell—Yes.

Senator BRANDIS—So he is not a public servant in any way, manner, shape or form?

Dr Watt—That is the only relationship we are aware of.

Senator BRANDIS—Thank you.

CHAIR—You can check on that.

Senator SHERRY—I think that is a useful point that Senator Murray has raised, given the public statements being made and any possible legal liability that could eventuate. Can I come to the establishment issues: has the recruitment process for the staff of the FFMA commenced?

Ms Campbell—The recruitment is yet to commence.

Senator SHERRY—What is going to happen? Is that going to commence after the board is appointed?

Ms Campbell—The Department of Finance and Administration is going to assist with the recruitment process, and it will commence before the legislation, with no appointments until after the legislation is in place.

Senator SHERRY—Let me just get a clear understanding of this. If we assume the legislation goes through in the next sitting week of the Senate, which I think is a fair bet, it is obviously then going to be signed by the Governor in Council in the week or two that follows. So we are looking at probably late March before the legislation is fully operative. Presumably there will be advertising?

Ms Campbell—Yes, we expect there will be advertising shortly.

Senator SHERRY—Some staff may be appointed prior to the board being made public?

Dr Watt—I would be very surprised by that.

Senator SHERRY—So no staff—

Dr Watt—I would not expect any permanent appointments before the board is made public—not on current indications, anyway.

Senator SHERRY—Okay. Let us come to the board itself. What is the process for board selection?

Ms Campbell—The government will announce the board appointments, and we expect those to be announced shortly.

Senator SHERRY—I asked, ‘What is the process?’ Is there a public advertisement being placed?

Dr Watt—No, there is not.

Senator SHERRY—Is the department of finance and/or Treasury to your knowledge preparing a list of possible nominees for the board?

Ms Campbell—We have provided advice to the government; I think at the last Senate hearings Senator Minchin spoke about potential candidates, and we have provided that to the minister.

Senator SHERRY—At the end of the day it is the minister’s decision?

Ms Campbell—It is.

Dr Watt—At the end of the day it is a cabinet decision.

Senator SHERRY—Well, subject to cabinet, where they will swing from the rafters in joy at the appointments, I am sure.

CHAIR—I did not know Mr Downer was going to be that closely involved, Senator Sherry!

Senator SHERRY—When did the list go, in this case, to Finance and the Treasurer?

Ms Doran—The list went to both the ministers—the minister for finance and the Treasurer. Actually, the list first went up prior to the appointment of David Murray, so it was early in the process. It would have been about November of last year.

Senator SHERRY—Has there been a further list or additions to it?

Ms Doran—There have been some additions, as other people may have put their names forward or contacted the respective ministers.

Senator SHERRY—Are you familiar with APRA's current licensing process of superannuation funds in general?

Ms Doran—I have some general knowledge, yes.

Senator SHERRY—Are you aware that they are applying a fit and proper person test to trustees of superannuation funds as part of that licensing process?

Ms Doran—I am aware of those provisions that come into force from, I believe, 1 July this year.

Senator SHERRY—Do you have an understanding of what 'fit and proper person' means in the context of APRA licensing of superannuation fund trustees?

Ms Doran—Broadly, yes.

Senator SHERRY—What is your understanding, broadly?

Ms Doran—I think it has the same general meaning that it would have in other regimes. To most people that is that the person has the appropriate credentials, skills, experience and professional ethical background to take a part on that board.

Senator SHERRY—Would there be a category of persons who have been found guilty of and sentenced because of a particular activity, criminal or otherwise, who would not be appointed a trustee as a consequence of a fit and proper person test?

Ms Doran—That would certainly be the case.

Senator SHERRY—Are we to have a fit and proper person test applied in respect of the appointments to the FFMA? Is that a requirement?

Ms Doran—It is probably not coined in the same way as the APRA standard, but I think the general principles that underlie that standard and would underlie the ASX regime and other directorship regimes would apply equally to our appointments.

Senator SHERRY—The second part of your answer is speculative. You say it is ‘probably not coined’. Where in the legislation does it say ‘a fit and proper person test will be applied to appointments to the board’? It does not say that, does it?

Ms Doran—It does not say it in that terminology. The Future Fund Bill does express some criteria for the appointment of board members.

Senator SHERRY—Yes, but the fit and proper person test is not specifically included, is it?

Ms Doran—Those words may not be used, but I think the broad intent of that would be—

Senator Santoro—Senator Sherry, these appointments that you are discussing are not appointments of the type that are made to manage and oversee superannuation funds. They are appointments that are made by government, which I am sure will take proper care in appointing people who are of great personal and professional integrity in the normal course of business. They are undoubtedly nominated by the minister and, I would suggest, considered very carefully by cabinet. As you know, these types of appointments are made regularly, perhaps even frequently, and it is part of the normal course of government doing business through agencies, such as the one that is under discussion at the moment. You know what the legislation is. You are very well aware of the processes that government adopts when making appointments of this type—it goes out and consults businesses and people in organisations that have an interest. This is undoubtedly happening in relation to these very important appointments, and it is part of normal business which is being done by governments of all political persuasions.

Senator SHERRY—Except that if you look at the Future Fund legislation and the purpose of the Future Fund, it is significantly different in terms of the claimed arms-length independence and the responsibilities, surely, from an ordinary—as you seem to term it—run-of-the-mill government agency. You do not see any difference?

Senator Santoro—What you do have is a government policy that was announced at an election that has been fleshed out in legislation, and the government is going about the business of executing that policy. You should have every confidence that the government will go about the selection of people to run this agency, including the chair, in a very proper and fit manner.

Senator SHERRY—The chair has already been named—the interim chair.

Dr Watt—The chair designate.

Senator SHERRY—Well, interim chair or chair designate.

Senator Santoro—The naming of the chair designate has been received very favourably by the general community and particularly by the business marketplace. I think the acclaim that accompanied the announcement reflects the good judgment of the government.

Senator MURRAY—So you are telling us that ‘fit and proper’ applies in the private sector but not in the public sector. Is that what you are saying?

Senator Santoro—No, what I am saying to you is that the government is exercising its responsibilities in relation to this appointment very seriously.

Senator MURRAY—No, it is not. It is exercising double standards.

Senator Santoro—That is your claim, Senator. It is not ours.

Senator SHERRY—You may not be aware of this, Senator Santoro, and I would not expect you to be. The prudential regulator is going through what I hope is an exhaustive check—I will have some questions about that on Thursday morning—with new criteria for the licensing of superannuation funds in this country that manage some \$790 billion and is applying a fit and proper person test to trustees. I am sure that will result in the odd trustee or two being removed from their current positions. I will find out more about that on Thursday morning. Why shouldn't a fit and proper person test be applied to what are effectively the trustees of the government Future Fund?

Senator Santoro—Senator Sherry, I have answered your question as you would expect me to answer, and that is that the government is applying, I am sure, a very diligent process in the selection of the people to run the Future Fund. We can keep on going round and round—

Senator SHERRY—I am not going to keep on going; I will be moving on. I just agree with Senator Murray: we have a double standard, and I put that to you. For superannuation trustees there is a fit and person test, and it is important that that test be applied because they are overseeing and are the guardians and trustees of billions of dollars of Australian savings, yet we are not applying or it is not intended to apply the fit and proper person test in the same way to people doing a very similar, if not the same, job in respect of the Future Fund. That is the point I am making.

Senator Santoro—I have given you my answer. The government does that not accept that we are applying double standards to this series of appointments.

Senator BRANDIS—I would like to throw in something on the same point. Dr Watt, just help me: is there a fit and proper person test under CAC Act?

Dr Watt—I will have to get one of my officers to answer that.

Senator BRANDIS—For directors of Commonwealth agencies or Commonwealth corporations.

Ms Campbell—We are just getting the relevant officer.

Senator BRANDIS—Thank you. In any event, whoever constitutes the board of the Future Fund will be subject to the full range of fiduciary obligations associated with the directorship of any corporation or entity, public or private, will they not?

Ms Campbell—Yes.

Senator SHERRY—And isn't it true that trustees of a superannuation fund as currently regulated by APRA are subject to, you could certainly argue, an additional level of scrutiny?

Dr Watt—I am not the right person to answer what APRA does to trustees of superannuation funds.

Senator SHERRY—Was there any consultation—

Senator BRANDIS—If they are fiduciaries they are fiduciaries. Whether they have to satisfy a fit and proper person test or not, if they are fiduciaries they are fiduciaries, and in that capacity the same range of obligations will attach to them.

Senator SHERRY—I think you will find under the SI(S) Act there are additional obligations, Senator Brandis.

Senator MURRAY—Are you saying that they are additional to those under Corporations Law?

Senator SHERRY—Yes.

Senator MURRAY—That is my understanding.

Senator SHERRY—That is my understanding of it.

Dr Watt—We have the officer able to answer the questions on responsibilities under the CAC Act.

Senator BRANDIS—I was wondering, Mr Mowbray-d'Arbela, whether—because I cannot remember—the fit and proper person test is a requirement for the members of the boards of Commonwealth companies and agencies under the CAC Act?

Mr Mowbray-d'Arbela—It is not equivalent to the fit and proper person test in the trustee regime that applies in the superannuation realm. The reason for that is that the duties are different. The CAC Act is based on the Corporations Act and mirrors a very similar range of directors' duties that apply to entities that invest in assets across the economy. Significant investments occur, and the director's duties under the Corporations Act and equivalent duties under the Commonwealth Authorities and Companies Act apply to those activities. The fit and proper person concept arises if there is a trustee scenario such as occurs in the superannuation environment. The Future Fund Management Agency is not equivalent to a superannuation entity. Accordingly, the bill for that agency deals with directors' duties equivalent to those in the CAC Act.

Senator BRANDIS—It would be inconceivable, would it not, that somebody could discharge the fiduciary duties of the director of a Commonwealth corporation or agency—which, as you rightly say, reflect closely those of a director of a private or publicly listed company under the Corporations Act—if they did not discharge their duties with the high standards for fiduciary and statutory duty provided for by that act?

Mr Mowbray-d'Arbela—Yes.

Senator BRANDIS—If that is the case, by their conduct and discharge of their duties they must be a fit and proper person.

Mr Mowbray-d'Arbela—In generic terms, yes.

Senator SHERRY—They are called 'guardians' in this case, though, aren't they?

Dr Watt—That is correct.

Senator SHERRY—What is the purpose of that description or title? They are not company directors, obviously—they are not called that, at least. Why the term 'guardians'? Where did that emanate from?

Dr Watt—Similarities were drawn between the Australian titling and the New Zealand titling.

Senator SHERRY—Sure. But that does not explain how that came about. Did an officer make a recommendation that they be called ‘guardians’?

Dr Watt—I am not aware of the exact recommendations behind the decision to use the term ‘guardian’.

Senator SHERRY—It must have come from somewhere; there had to be a decision to—

Dr Watt—I would never deny that it came from somewhere.

Senator SHERRY—Where?

Dr Watt—I must admit that I am unaware of where that came from.

Senator SHERRY—They are the equivalent of trustees in our superannuation system. Others are arguing that they are the equivalent of company directors; I argue that they are the equivalent of trustees, because of the purpose and nature of the Future Fund. So why are we calling them guardians? We do not use that terminology anywhere else in Australia that I am aware of—in the public sector, certainly.

Dr Watt—I can make assumptions about why the government might choose to call them guardians but that is a question we might have to take on notice. You probably do not want my assumptions.

Senator SHERRY—The terminology cannot have come out of thin air. Sure, I know that it is used in New Zealand. But there had to be a decision made or a recommendation made, either within your department or by the minister. Maybe the minister dreamed up and selected the title.

Dr Watt—I am happy to undertake to get some further information on the exact source of the terminology.

Senator Santoro—It could be, Senator Sherry, that what the word wants to get across is the role of the guardians, and that is to—

Senator SHERRY—I know that officers need to go, and I wanted to put another question. Trustees are guardians—they are one and the same.

Senator Santoro—They are out there to safeguard the public’s money; that is their role.

Senator MURRAY—I am not sure that legally that is true. In legislation, you would not need to define trustee because it is known through jurisprudence and through legal precedence what trustee means. I do not know whether the same applies to guardians. It would need to be defined in the bill, I would have thought. Perhaps, when you take that on notice, you should indicate to us what the legal status of guardian will be.

Senator SHERRY—Yes—whether in fact any common law exists in regard to guardians that is relevant to the Australian jurisdiction—

Senator BRANDIS—The only common law about guardians is in relation to children and insane people.

Senator SHERRY—That is interesting—and I am not sure that it is good!

Senator BRANDIS—It is the only occasion I can think of that the term, as a term of art, appears in the law.

Senator Santoro—I can certainly confirm that in New Zealand they are also called guardians, but I do not know what that says about New Zealand.

Senator SHERRY—Maybe you can put that point to Mr Murray when he appears before the committee.

Senator BRANDIS—I make the point because I suspect that the choice of the language is rhetorical and hortative and not based on any legal analogue.

Senator SHERRY—We will see! In respect to trustees in Australia, there is a common-law English background which was used in Australia and then codified in SIS for the governance—some would argue guardianship—of superannuation funds. Just coming back to you, Mr Mowbray-d'Arbela—

Dr Watt—Could I just make a point about Senator Murray's question? We are happy to take your question on notice, Senator Murray. We thought we might be able to get an early answer to Senator Sherry's question rather than taking it formally on notice and coming back, but for yours we will obviously have to take it on notice.

Senator MURRAY—Thank you.

Senator SHERRY—Mr Mowbray-d'Arbela, have you done any work on the status of guardians—any legal examination of their status in Australian law—and, presumably, whether they exist in the UK, where we do have some significant legal historical connection?

Mr Mowbray-d'Arbela—In the context of the Future Fund Management Agency, the bill sets out the legal framework for that organisation in terms of relying on directors' duties, so the answer is that attention was not specifically given to the question of the use of the word 'guardians' in terms of legal ramifications.

Senator SHERRY—Do you agree that the purpose of the Future Fund, amongst other things, is essentially to invest significant moneys for the purpose of the payment of superannuation debt?

Dr Watt—No, that is incorrect.

Senator SHERRY—I said 'to a significant degree'—I did not say 'exclusively'. What is it, then?

Dr Watt—The purpose of the Future Fund is to provide a pool of assets to offset future superannuation liabilities. Those funds are there to offset liabilities. When they are drawn down, they may or may not be used to actually fund superannuation, and it is quite likely that they will not be.

Ms Campbell—The bill states that the fund will be used to pay those superannuation liabilities.

Dr Watt—Does it? I apologise—I am wrong.

Senator SHERRY—Yes!

Ms Campbell—But, Senator, the definition of trustees, in our understanding, is not just the investment of the money but actually the benefits paid to the recipients of the superannuation fund. This board will not have that responsibility—

Senator SHERRY—Yes, I was going to get to that point in a moment. Do you accept that the principal role of the guardians is one of the principal roles that trustees carry out in superannuation funds—one of the major ones?

Ms Campbell—It is the investing responsibility, but the trustees have far broader responsibilities with respect to superannuation funds than this fund will have.

Senator SHERRY—Yes, that is right—not in all cases, but generally that is true. Doesn't that raise the question: why are we appointing guardians in a Future Fund management board and why aren't we placing the assets in the existing superannuation fund structures?

Dr Watt—We have had this question at previous estimates, I suspect.

Senator SHERRY—Yes, we have.

Dr Watt—That is long gone.

Senator SHERRY—So the list or lists have gone to the two ministers. They may or may not accept names from the list. At the end of the day it will be a ministerial appointments subject to cabinet. That is the process.

Dr Watt—That is correct.

Senator SHERRY—Is there any public advertising for the guardians?

Dr Watt—No.

Senator SHERRY—What is the status of the consultant, Mr Murray, in terms of the process for the appointment of board members?

Dr Watt—That is a question that you would probably need to put to Mr Murray and/or to the ministers involved. But I would imagine that Mr Murray's views have been canvassed.

Senator SHERRY—The trouble is the minister is not here. If the minister does come, that is an issue that I will raise with him when he is here. Have those lists that have been provided to the ministers been sent to Mr Murray?

Dr Watt—I am not aware of that.

Senator SHERRY—And the remuneration for the chair and the guardians? I think, from previous evidence, the Remuneration Tribunal is going to—

Dr Watt—That is correct.

Senator SHERRY—Where is that at? Has a request been made of the Remuneration Tribunal?

Ms Campbell—A request has been made and I understand that a determination has been advised to us. I will just check with the officer responsible.

Senator SHERRY—Has that been done publicly yet?

Ms Campbell—I will just check.

Ms Doran—No, it has not been done publicly yet. The Remuneration Tribunal cannot make a legal determination until the legislation is passed and the agency and the board are in place.

Senator SHERRY—So what exactly have they provided you with—some sort of indicative figure?

Ms Doran—That is right—interim advice or indicative advice.

Senator SHERRY—About what is likely?

Ms Doran—Yes.

Senator SHERRY—What is the indicative figure that has been indicated for that guardians and the chair of the guardians?

Senator BRANDIS—Or chief guardian.

CHAIR—Or guardian angel.

Senator Santoro—The advice is that it is an indicative figure and it is still not appropriate for it to be released publicly.

Senator SHERRY—I have asked for an indicative figure. Why isn't it appropriate to provide what the indicative figure is?

Senator Santoro—Because it is no more than an indicative figure for planning purposes. It might not be the final figure.

Senator SHERRY—I know that it is no more than an indicative figure. That is why I used the term 'indicative figure'. What is the indicative figure or the range that has been indicated?

Senator BRANDIS—On a point of order, Chair: if it is an indicative figure, then it must relate to possible future expenditure. It cannot relate to the current budget estimates.

Senator SHERRY—Sorry, but it does, because there is an allocation of moneys with respect to the operation for the operation of the board.

Senator MURRAY—In the forward estimates.

Senator SHERRY—Yes, in the forward estimates. That is in fact what we are here for.

Senator BRANDIS—I would withdraw the point of order if it were the case that the allocation includes future salary payments.

Senator Santoro—Senator Sherry, we can take that on notice and try to get back to you with as much information as we can.

Senator SHERRY—I do not want you to take it on notice yet. I have not asked for it to be taken on notice yet. Salaries are included, are they not, in the forward estimates costs for the board which we have before us?

Ms Campbell—Yes—those indicative estimates.

Senator BRANDIS—Then I withdraw my point of order, Senator Sherry.

Senator SHERRY—Thank you, Senator Brandis.

Dr Watt—We are happy to take this on notice but there is one point that should be made. As board members have not yet been selected, it would be rather unusual in the case of a new board for them to find out what their indicative salary might be through this purpose.

Senator SHERRY—I have to disagree, Dr Watt. If you were to be appointed as a guardian or the chief guardian, I think you would want an idea about what you are going to be paid for it—an indication, if you like, of what you are going to be paid.

Dr Watt—And I suspect that I would expect to hear that through the discussion process rather than through something else—which seems to me not unreasonable.

Senator SHERRY—So the figures will be publicly released when the legislation is passed?

Ms Doran—Yes, they will be.

Senator SHERRY—Will they be released before the guardians are announced?

Ms Doran—No, they will not be.

Senator SHERRY—Just to confirm: payments for the board members are in those wage and salary figures in the forward estimates, are they? Do you have a figure in there for the salaries of the guardians or the board members?

Ms Doran—The indicative numbers are reflected in the estimates.

Dr Watt—They are indicative, Senator.

Senator SHERRY—What is the figure in the forward estimates for the estimated salaries of the board and chair of the board?

Ms Doran—The number has been represented together with other costs as a reduction in the assumed earnings rate of the fund, so it is not in there as an explicit line item but, rather, as an adjustment to the earnings rate. That is the way, in fact, that those costs will be deducted from the fund in future.

Senator SHERRY—But an estimate of the costs of operation of the Future Fund agency has been given, hasn't it?

Ms Doran—Yes.

Senator SHERRY—We have a figure in the forward estimates, so it is pretty straightforward. Is what you are saying that we are not going to be able to examine in any detail the costs of the agency going forward because you are going to take the operating costs off the fund rate of return and therefore we are not going to be able to examine the agency in terms of any of the details of operation? Is that what you are saying?

Dr Watt—No, that is not what is being said.

Senator SHERRY—It seemed to me to be what was being—

Dr Watt—That is not what is being said.

Senator SHERRY—So we come to the forward estimates—

Dr Watt—Going forward.

Senator SHERRY—Yes, going forward. We know we have an estimate of the operation of the Future Fund. That is correct. What is the estimate for the salaries of the board members? It can only be an estimate. I accept that. But what is the estimate in there?

Dr Watt—I think we are happy to undertake to see if we can get you an answer but, because it is an indicative estimate, we would have to undertake to see if we can get you an answer.

Senator SHERRY—Hang on—

Senator Santoro—I have just asked the secretary whether the figures are in a conglomerate form and I have been advised that that is the case.

Senator SHERRY—Yes, they are.

Senator Santoro—We can keep going on, but you have an undertaking that the secretary and the officers are happy to take the questions on notice and provide you with detail. I am happy to sit here and the officers can keep discussing whether or not they can provide them to you straightaway, but the advice I have just received is that they are in a conglomerate form. They are happy to take it on notice and provide you with detail.

Senator SHERRY—I am not happy at the moment that this is being taken on notice. I want to explore this further. We know that we have a conglomerate estimate. Is there any officer at the table at the moment or elsewhere at the estimates waiting to appear who knows what the approximate—and you know that I am reasonable on these things; I do not hold you to the nearest cent—salary estimate is for the board?

Ms Campbell—We do not have that information with us at this time.

Senator SHERRY—I did not ask that. I did not ask whether you had the information in front of you. Is there any officer here who is aware of the approximate figure?

Dr Watt—We would have to go away and calculate a figure. We do not have a figure here with us for how much the board would cost. We can undertake to see if we can do that for you.

Senator SHERRY—I just want to come back to my question. Is there any officer here who is aware of the approximate figure?

Ms Campbell—Not in aggregate, no. As Dr Watt said, we would have to go away and calculate that.

Senator SHERRY—So none of you three are aware of what the approximate figure is in the forward estimates for the board members' salaries?

Dr Watt—No, I am not.

Senator SHERRY—What about the other two officers?

Ms Campbell—No, not that figure in aggregate—no, I am not.

Ms Doran—Not as a dollar figure, no.

Dr Watt—It is not surprising.

Senator SHERRY—It is surprising, frankly. I am sure, frankly, that you would have some idea of what the approximate figure is. I am just taken aback that you say you do not know.

Dr Watt—Categorically, I do not, and you have heard the same thing from my officers. It is one small part of a much larger estimate. I am not surprised, and I am not aware of the components of individual estimates. That is completely unsurprising. As you would know, I think, from your previous experience, the number of figures and estimates that you handle in this portfolio are hardly small. Nor am I surprised that my officers are not aware. We are happy to undertake to go away and see if we can get a calculation for you.

Senator BRANDIS—It is a question of aggregating—

Dr Watt—I think it is a question of putting a figure together—a bit of disaggregation and bit of aggregation.

Senator BRANDIS—Okay.

Senator SHERRY—Coming back to Ms Doran, you have indicated that an indicative figure has been given by the Remuneration Tribunal. You have presumably seen that indicative figure.

Ms Doran—I have seen the advice.

Senator SHERRY—On examining that indicative figure—which you cannot give us—which has come from the Remuneration Tribunal, have you done a reassessment of the figure that is in the forward estimates already for the board salaries?

Ms Doran—No, we have not changed the estimates on the basis of that advice.

Senator SHERRY—I did not ask that.

Ms Doran—I am sorry, I misunderstood the question.

Senator SHERRY—I did not ask whether you had changed the estimates. I know the estimates have not changed yet. I expect that they would change to some extent, depending on the difference in the figures. What I asked you was: have you examined the indicative figures given to you by the Remuneration Tribunal against the allocation in the forward estimates—the estimates that your officers made sometime in the past? Have you examined the two?

Ms Doran—We have not compared one to the other. We have already indicated that the isolated number in the estimates is not discrete. So, no, we have not—I think that is the answer to your question.

Dr Watt—I think that what Ms Doran is saying is that there is a level of approximation which will be gradually reduced and we have not done it yet.

Senator SHERRY—I understand. But that is not what I asked. I asked: has it been examined? I did not ask whether the figures have been changed in the forward estimates yet. They have not been changed.

Dr Watt—I think Ms Doran also said no, it has not been re-examined.

Senator SHERRY—I just want to be clear on this. You have not taken the indicative figures provided by the Remuneration Tribunal and examined the indicative figures and the total cost for a year for the board members' salaries—given what the Remuneration Tribunal

has provided to you, which is not yet public—against the estimate that is in our current budget papers. You have not done that?

Ms Doran—No, we have not.

Senator SHERRY—Do you intend to do that?

Ms Doran—As we get more concrete information —

Senator Santoro—There could be issues of timing involved. They are forward estimates. Presumably they would have been prepared well in advance in order to assist this committee to undertake its deliberations today. You have heard that they are estimates; you have heard that the officer has said no. I think that you could productively move on to something else. It is of no use trying to force an answer that clearly cannot be provided because it does not exist.

Senator SHERRY—Minister, with due respect, it is up to me to ask the questions that I believe are appropriate.

Senator Santoro—If you are going to do that, you should do so in a considerate and respectful way. An officer has said to you, no, she has not done it. You have been given good reasons by the officers and now by me. There are timing issues and calculation issues involved. The undertaking has been provided to you that detail will be provided as quickly as possible. You have been told that that detail cannot be provided today. With respect, we should go about this business with respectful purpose; otherwise, you will start getting an attitude developing which is not constructive to the deliberations of this committee. I say that through you, Mr Chair.

CHAIR—Thank you.

Senator BRANDIS—I do not think that Dr Watt said it could not be done today; I think he said it could not be done now.

Senator SHERRY—It has been taken on notice.

Dr Watt—We have undertaken to look at the aggregate figure.

Senator SHERRY—Yes. Are you saying that you may provide it?

Dr Watt—We will see what we can do.

Senator SHERRY—Thank you. I will take your guidance on this, Chair. I assume that, if I were exercising a level of disrespect, as the minister claims, you would intervene?

CHAIR—I certainly would. I think Senator Santoro, the minister, is reminding us about our behaviour on this committee. Perhaps it is a shadow from yesterday, Senator Santoro.

Senator Santoro—I did not observe yesterday's hearings because I was interstate, but I am just reflecting on what is happening here this morning.

CHAIR—That is all right. Minister, as you know, Senator Sherry may ask any questions he wishes within the standing orders.

Senator Santoro—I appreciate that.

CHAIR—I am mindful of your comments, Minister.

Senator SHERRY—I reject the assertion of the minister. I think I am asking questions in a respectful, blunt, probing way.

CHAIR—Quite right, Senator Sherry. If you stray, of course, I will remind you.

Senator SHERRY—You will pull me up. In relation to the annual superannuation payments for the current forward estimates which will be eventually met from the Future Fund, under the current assumptions when will those expenses no longer need to be paid?

Dr Watt—I am sorry but I missed the first bit of your question.

Senator SHERRY—In relation to the annual superannuation payments in the forward estimates—this is the PSS and CSS; there are others as well but overall the PSS and CSS—which are to be eventually met from the Future Fund, the accrual of the assets over time, under the current assumptions when will those expenses no longer need to be paid?

Dr Watt—Do you mean when will the Future Fund have the ability to offset those expenses or when will we stop paying CSS and PSS superannuation?

Senator SHERRY—The latter, in terms of its appearance on the budget papers.

Ms Doran—On the current assumptions in the budget forward estimates, you are asking when the superannuation benefit payments will cease to be paid?

Senator SHERRY—Yes.

Ms Doran—So you are asking when the Future Fund will commence meeting them?

Senator SHERRY—No. We have the CSS and PSS payments, in the main. There are other super payments as well, but let us deal with the CSS and PSS payments. They are on the forward estimates documents. They are quantified. When will that cease to appear?

Ms Doran—At the moment our projections by the actuary go out to 2042 I think it is, and there are still benefit payments in those outyears.

Senator SHERRY—If we go to that year 2042, it is certainly looking a long way ahead. I do not think any of us will be at estimates committees hearings then, thank goodness. Although in my twilight years I might be flicking on the switch and watching my future colleagues.

Senator Santoro—I can arrange for a nursing home with a good view for you!

Senator SHERRY—I will maintain a long-term interest. How many years away is 2042?

Senator MURRAY—I will be dead, don't worry about it.

Senator BRANDIS—It will come around sooner than you think, Senator Sherry.

Senator SHERRY—At least I can be assured that my DB pension will still be flowing, as it will be for all of us. In relation to the Future Fund, I can sit there and say, 'I asked when these liabilities were going to be met and how they were being paid all those 36 years ago at Senate estimates.'

CHAIR—By that stage, Dr Watts's focus will be on Australia's currency, I am sure!

Dr Watt—I would be highly surprised!

Senator SHERRY—And you can reflect on your glorious ministerial record!

CHAIR—Carry on, Senator Sherry.

Senator SHERRY—I just want to get this clear. The Future Fund assets are projected to meet the liabilities and at some point in time funds will flow from the Future Fund. My understanding is that by the projected date of 2042 those assets will all have been paid, but that is not the case?

Ms Doran—No, that would not be the case on the assumption that there will still be a liability at that point in time and there would be in theory assets in the Future Fund to offset the liability.

Senator SHERRY—Presumably, because there are still a number of open defined benefit funds—certainly at the moment for defence, judges, the Governor-General—those particular funds would continue to accrue an increasing liability?

Ms Doran—Those liabilities will continue to grow while funds are—

Senator SHERRY—Projected to be offset by whatever is in the Future Fund.

Ms Doran—That is correct.

Dr Watt—And by the rapid rundown in liabilities under the defined contribution schemes as you go further out and the closed CSS and PSS—

Senator SHERRY—Yes. They are funded but certainly at the moment not in the case of the military, judges or the Governor-General, I think.

Dr Watt—The judges and the Governor-General schemes are tiny.

Senator SHERRY—I know that they are tiny.

Dr Watt—But the military one is—

Senator SHERRY—The benefits are not tiny.

Dr Watt—I would not comment on that, Senator.

Senator SHERRY—For the moment at least those liabilities and that date of 2042 are assuming that those three funds I have just mentioned continue as open defined benefit funds. The actuarial projection is based on that, isn't it?

Ms Doran—Our actuarial projections are actually for the civilian schemes. There are separate projections done for the other schemes. They would certainly assume that those schemes remain open.

Senator SHERRY—But it is intended that the Future Fund allocation is covering off on those liabilities as well?

Ms Doran—That is right.

Senator SHERRY—That is what I thought. Turning to the issue of Telstra, about the time of the release of the MYEFO, the Treasurer indicated on 15 December last year:

... if the full sale of Telstra does not go ahead it may well be that the Future Fund will hold Telstra shares and in those circumstances the earnings from those shares will be allocated to the Fund rather than the Budget.

If those circumstances eventuate, has Finance made an estimate of the impact on the fiscal balance and the details of the fiscal balance? Have you examined that option?

Dr Watt—I would like Mr Lewis, head of our T3 task force, to answer your question.

Mr Lewis—At this stage we are in the process of simply compiling advice to come back to the minister in relation to how we might proceed with the Telstra 3 public offer. We are still seeking advice in relation to the possible size and structure of the offer and we are well short of the point of looking at what the possible scenarios might be.

Senator SHERRY—Would you agree that once the decision is made the scenario I have outlined would have to be examined—

Mr Lewis—Yes.

Senator SHERRY—if that were the course of action pursued?

Mr Lewis—Absolutely.

Senator SHERRY—If the shares are transferred to the fund, and there has been considerable speculation on that, whether it is in a balanced portfolio—and I think that you could reasonably argue that there would be an element for five per cent of Telstra shares anyway—or if it is well in excess of that, it is just effectively a balance because they cannot be sold off—

Mr Lewis—It would be a matter for the Future Fund board of course and the mandate that they put in place. But you would expect that there would be a weight in the Telstra shares which may either reflect the market weighting—and could be over or it could be under depending on the different mandates of different components of the fund.

Senator SHERRY—In answer to a question in question time, the minister ruled out the Future Fund buying the Telstra's shares—there would be a transfer of whatever that amount might be of Telstra shares. How would they be valued? Will it be the market value at the time that they are transferred?

Mr Heazlett—When you asked about the valuation, what was the context? There is not a value applied as part of the actual transfer.

Senator SHERRY—No value at all? We may be talking at cross purposes. There has to be a value given to the Future Fund and its assets. So it seems logical to me that there has to be an assumed value of the Telstra shares—whatever the quantum of the Telstra shares may be—at the time of transfer to the Future Fund.

Mr Heazlett—My understanding is that the bill provides for the minister to determine that following its transfer.

Senator SHERRY—So, under the bill, the minister can determine a valuation of those shares transferred? He has the right to do that?

Mr Heazlett—He can determine a value in the Future Fund.

Senator SHERRY—In the Future Fund?

Mr Heazlett—Yes, as a starting value.

Senator SHERRY—That is interesting. So he can determine a value that is different from the market value at that time?

Mr Lewis—The minister will clearly take advice from us and our advisers in relation to an appropriate value if and when it gets to that point. We are so far short of that point, at this stage we are looking at the prospects for a Telstra 3, which might embrace a full sale—and the fallback would be some partial sale. In the event that shares are transferred to the Future Fund, clearly, there will need to be advice to the minister in relation to a range of issues, including an appropriate transfer value. We have not looked closely at that issue at all. So I am just a little bit uncomfortable to get too much into the business of providing you answers as to how they will be valued before we have even looked at those issues and discussed this ourselves.

Senator SHERRY—I do beg to differ a little bit because we do know that there will be some Telstra shares transferred. That is a fact. That will happen. We do not know what the size of the transfer will be. That will be dependent upon the timing and the size of T3. But there will definitely be some Telstra shares, because it is going to be a balanced portfolio that will contain at least some Telstra shares.

Mr Lewis—I would agree with that. It is inevitable at some stage.

Senator SHERRY—So it is inevitable at some stage. My understanding at the moment is that, in terms of the current budget papers and the sales price—and we discussed this at the last estimates—in the budget, the re-evaluation downwards of the Telstra shares was based on a three-month moving average. Is that correct?

Mr Lewis—Yes, the 90-day—

Mr Heazlett—That is in the government financial statements.

Senator SHERRY—So would we depart from that standard in terms of the transfer of whatever the Telstra shares—

Mr Lewis—That would be one option that we would look at. All I am saying at this stage is that we have not looked at that matter. We would need to look at the appropriate pricing of it. Maybe there would be an appropriate marking to market at the time of the actual transfer. We would need to look at those alternatives as part of putting advice to the minister.

Mr Heazlett—The provisions in the bill are non-specific to Telstra; they apply to the transfer of any financial asset.

Senator SHERRY—I understand that—because there may be other entities that are sold, presumably, and some of those shares may be transferred as well.

Mr Heazlett—There could be financial assets transferred anyway that may not have a market value.

Dr Watt—I think the point Mr Lewis is making is that the reason for using the 90-day moving average in a budget estimate with an item that fluctuates is to try to bring some averaging sense and some stability to your budget estimates and not just take the one day in time. That is a quite sensible approach when you are doing a budget estimate. If you take an average you void the noise in the series. However, that would be only one option—and

perhaps not the best option if you were talking about transferring shares at a particular point in time and valuing at that point in time. We would certainly look at that in due course.

Senator SHERRY—This is not just an esoteric issue. One of the reasons I raise it is that this is an issue that funds managers are raising in terms of the investment holdings that are going into this fund. Certainly people raising it include Telstra management. They have an obvious interest in this issue, don't they?

Mr Lewis—Yes.

Dr Watt—I think there is an obvious interest in the issue, but the answer is that it does not need to be answered yet.

Senator SHERRY—That is an interesting point you raise. I notice Mr Murray is making public comments about it.

Dr Watt—You would have to take that up with Mr Murray. But that question does not need to be answered yet.

Senator SHERRY—It seems to me Mr Murray is at least partly attempting to answer this in public commentary—and privately, so I am told. It is a significant issue of interest. With the transfer of whatever number of Telstra shares to the fund, does the government retain ownership through the fund? Is it able to directly exercise, for example, the voting of those Telstra shares through the Future Fund?

Mr Heazlett—Any shares transferred to the Future Fund are held in the name of the Future Fund's Board of Guardians.

Senator SHERRY—So they would be able to exercise the voting rights that go with the shares?

Mr Heazlett—They are the legal owners of any shares transferred to the Future Fund.

Senator BRANDIS—The legal and beneficial owners?

Mr Heazlett—The bill provides that the beneficial ownership of Future Fund assets is the Commonwealth of Australia.

Senator SHERRY—Has consideration been given to the option if more than 36 per cent of the shares are transferred to the Future Fund—current ownership is 51—of what I think is called a section 9 declaration in respect of technical ownership of Telstra. Is it possible for that still to be exercised by the Commonwealth through the Future Fund?

Mr Heazlett—This is not a matter that has been subject to explicit consideration at the moment. Naturally it will be one of the issues that are considered in the lead-up to any sale or transfer.

Senator SHERRY—If 36 per cent or more of the shares of Telstra are in the Future Fund, who is the owner under that provision?

Mr Heazlett—I am not familiar with the specific provision of the act that you are referring to.

Dr Watt—Perhaps we can see if we can get you an answer for that too.

Senator SHERRY—Just to expand it a little more, my understanding is that if there are more than 36 per cent of the shares owned by an entity, in this case the Future Fund, the Commonwealth remains technically the owner. That is my advice.

Mr Lewis—What section specifically is that?

Senator SHERRY—Section 9, declaration.

Dr Watt—Section 9 of?

Mr Lewis—The Telstra act?

Mr Heazlett—It is certainly not the Telstra act. Is it the Corporations Act?

Senator SHERRY—I think it is the Corporations Act. I would have to clarify that.

Dr Watt—We will check that.

Mr Lewis—Senator, in ordinary circumstances we would undertake to come back to you through the course of today's hearings but it may be something we need to consult our lawyers about because it is not particularly familiar to me, I am afraid.

Senator SHERRY—It is not an unimportant issue, though. If it is a 36 per cent shareholding and it is in the Future Fund, there is no doubt about it if they are not transferred. I am interested in what the fund would do in those circumstances. It can be directed by the minister, as I understand it; therefore what duties, obligations and responsibilities would devolve back to the minister through the fund in those circumstances?

Dr Watt—I think you have to put some context around this. The government has the objective of selling all the shares, with the possibility of selling less than all. Under those circumstances you are a long way from retaining 36 per cent.

Senator SHERRY—Well, we will see what happens. There is a fair amount of public interest in this issue, and even interest by, I think, the Telstra board itself.

Dr Watt—Again, we are a long way from suggesting that this is going to be the outcome of T3—a very long way.

Senator SHERRY—We will see. I was reading in the press today that negotiations had begun with foreign governments to secure tax-free status for offshore investments made by the Future Fund.

Ms Campbell—These negotiations are not being undertaken by the Department of Finance and Administration.

Senator SHERRY—But are there negotiations going on?

Ms Campbell—We have seen the article this morning and we are seeking to clarify this with Treasury.

Senator SHERRY—So it is Treasury?

Dr Watt—Yes.

Senator SHERRY—Who in Treasury would be overseeing this?

Ms Campbell—Probably the fiscal group within Treasury.

Senator SHERRY—If this is occurring, has the group that you are involved in sought advice about what the tax status of investments through the Future Fund is? Surely you must have done that.

Ms Campbell—Treasury are dealing with this.

Senator SHERRY—So that is an issue that you are aware of, delegated to Treasury to follow through?

Ms Campbell—Yes, Treasury are following through.

Dr Watt—It is more part of their responsibilities than us delegating it. It is part of their standard responsibilities on the tax side.

Senator SHERRY—Sure, but the extent to which you, in terms of the establishment of the Future Fund, are interested in this issue. I take it that the assumptions about the earnings rate were based on the funds overseas being taxed and not having tax exemption?

Ms Campbell—I will just confirm that with the officer responsible.

Ms Doran—The assumption about the earnings rates for the Future Fund is, as we have described, fairly broadly based and has a number of implicit components. Until such time as there is an investment mandate for the fund, there are no explicit assumptions in there about what allocation there may be to overseas assets, so it is difficult to have discrete assumptions about what the tax impacts on the returns from those assets might be. Effectively, we have struck in the assumptions a net rate but based it on the current government bond rate to take those projections forward.

Senator SHERRY—We have discussed that before. Obviously it has not taken into account any advantages or disadvantages in respect of tax status overseas, because in terms of the bond rate it is not an issue.

Ms Doran—That is right; there are no explicit assumptions there.

Ms Campbell—Earlier Senator Murray asked whether the department had provided an indemnity for Mr Murray. The department has not provided an indemnity for Mr Murray with regards to his consultancy with the department.

Dr Watt—In other words, it is a standard consultancy contract.

Senator MURRAY—I expected that, so I hope someone gives him some advice to be judicious in his public remarks.

Senator SHERRY—Dr Watt, this is a general question: you have a bonus system in Finance, don't you?

Dr Watt—Yes, we do have a performance payment system in the Department of Finance and Administration.

Senator SHERRY—Presumably, there is a graduated scale. Can you recall what the approximate figure was for the largest bonus payment made in the Department of Finance and Administration?

Dr Watt—You need to make a distinction between payments made under the department of finance's performance bonus system and payments made within the department of finance.

I, for example, am eligible for a performance bonus payment but it is not paid under the Finance bonus payment system. You are asking about an officer paid under the Finance system rather than an officer paid under whatever I am paid under—whatever it is.

Senator SHERRY—Isn't that through PM&C for departmental heads?

Dr Watt—That is correct—although I think I am correct in saying that the department pays it but the determination is made—

Senator SHERRY—by PM&C.

Dr Watt—by the Prime Minister.

Senator SHERRY—Or the Prime Minister. So in the case of officers other than you, it is determined within the department, and presumably you have some input into that.

Dr Watt—Yes, I do.

Senator SHERRY—What was the maximum figure paid as a performance bonus within the department of finance within the last financial year—approximately?

Dr Watt—We have something in our annual report which deals with this. It is on page 154.

Senator SHERRY—What table should I be looking at?

Dr Watt—Table 27.

Senator SHERRY—So was the maximum performance pay \$14,750 or do you have the average payment at that level?

Dr Watt—I will just get that number checked. Though I would never doubt anything in our annual report, I will just confirm that that is what we think it is.

Senator SHERRY—What I would like to know is what the maximum figure paid to an officer within the Department of Finance and Administration was. I do not want their name; I am just interested to know what the maximum figure was.

Dr Watt—I appreciate that.

Senator SHERRY—My assumption, based on that table, is that it did not go above \$14,750. If you could confirm that for me, that would be good.

Dr Watt—We will check that. What is your assumption?

Senator SHERRY—My assumption is—and I do not want to know your details; I am not seeking that—that the maximum was \$14,750 for an officer—

Dr Watt—We will confirm that.

Senator SHERRY—in the department somewhere. I do not want to know their name; I just want confirmation that that is a correct interpretation.

Senator MURRAY—Shifting direction for a short while, you and I have had previous interesting discussions about the difficulty of Finance getting agencies and departments to do what you would like them to do or do what they should do in terms of Finance directions and so on. I have a series of questions which relate to an issue I raised last night with the ANAO with respect to their report *Management of net appropriation agreements*, Audit Office report No. 28, 2005-2006.

Frankly, I was alarmed by this audit report and I judge the answers of the Auditor-General to indicate that their concern was as high. There are a number of areas of concern in here, all relating, I think, to the issues of moneys being expended without proper authorisation. I recognise that in some instances they were technical, in the true meaning of that term, or they were inadvertent breaches, again in the true meaning of the term. I am not interested in that. My first question goes to this: in paragraph 33 of that report, there is this remark:

To the extent that amounts were identified as having been spent without appropriation, Section 83 of the Constitution was contravened. This was disclosed by the relevant agencies in their financial statements. Where the Section 83 breach was a result of the agency signatory to an agreement not being authorised or the agency not having an agreement, a corresponding breach of Section 48 of the FMA Act was also required to be reported, given the specific obligations placed on agency Chief Executives under that Section to keep proper accounts and records.

The footnote says:

Under Section 48, a Chief Executive must ensure that accounts and records of the agency are kept as required by the FMOs.

Can you take us through what happens under the Public Service Act or the rules that govern the various Finance determinations? What process of punishment or disciplinary action is possible under those for breaches of the Australian Constitution which do not have a Criminal Code liability but have a—

Dr Watt—I think we can do that. Ms Campbell might start.

Ms Campbell—Chief executives, agency heads and/or agency ministers are responsible for deciding the appropriate course of action in relation to matters arising from an audit report or failures to comply with government policy. Those include where there are civil cases to answer or whether the matter should be referred to the Director of Public Prosecutions. Under the Financial Management and Accountability Act and the Public Service Act, agency chief executives or agency heads have accountability and responsibility for the management of their agencies, including the conduct of employees and compliance with the relevant legislation and financial policy. Consistent with these responsibilities, chief executives should investigate possible breaches and noncompliance and initiate any appropriate remedial and/or disciplinary action. The Financial Management and Accountability Act requires an agency chief executive to manage the affairs of the agency in a way that promotes the efficient, effective and ethical use of Commonwealth resources, which includes compliance with the applicable law and the Australian government policy. The FMA Act also provides a criminal penalty for the misuse of public money.

The APS code of conduct, which is set out in the Public Service Act, codifies the standards of conduct required of all APS employees. This includes compliance with applicable Australian laws and making use of Commonwealth resources in a proper manner. So, under the Public Service Act, a chief executive who is also an agency head is required to establish procedures for determining whether an agency employee has breached the code of conduct and the agency heads have the power to sanction an employee found to be in breach of the code. The available sanctions range from reprimand to termination of employment. Finance issued a Finance circular in June 2005 advising agencies of these requirements.

Senator MURRAY—So tell me how this works. We will go through a hypothetical situation—using this for a clear understanding of what I am talking about. Let us assume that a chief executive officer failed to fulfil their obligations as outlined by you and they were identified by the Auditor-General, through their agency, as having breached the Australian Constitution and having spent significant sums of money on an unauthorised basis—and, as you are aware, this report covers billions in some cases. So the Auditor-General has alerted you to it and you are the chief department responsible for that officer. Who would initiate action on that CEO? How would discipline, reprimand or termination or some kind of real punishment occur?

Ms Campbell—That would be an issue for the minister responsible for that agency and that chief executive officer.

Senator MURRAY—Does your department put forward a recommendation or a proposal to the minister?

Ms Campbell—No, we do not.

Senator MURRAY—Is there a lack of process here? Let me compare it with a criminal issue. If you find fraud, there is an automatic process, as I understand it, for government for the formal reference of that to the DPP for a decision as to whether there is a case to answer and prosecution will occur. Is there a formal process whereby the concerns raised by the Auditor-General should be conveyed to the minister through the Department of Finance and Administration? Is there a deficiency? Is there a lack of accountability in the process?

Dr Watt—Is there a formal process? Certainly the Minister for Finance and Administration was aware of the concerns of the Auditor-General well in advance of the report being tabled. Is there a lack of accountability? I am not sure there is. This a discussion which, as you say, we have had on previous occasions. It is up to the CEO of each agency, in consultation with his minister as appropriate—but I think primarily the CEO rather than the minister—to decide whether there has been anything that should be pursued in the agency. As you say, there were breaches of the Constitution. That is clear and they are taken seriously.

Equally, as the Auditor-General said last night, there was no misuse of public money. As far as we were aware, money was not spent in a way the government had not expected it to be spent, for example. Under those circumstances, it really is a matter for the individual agency head to look at the circumstances of what occurred in their agency and see whether the breaches were, for example, inadvertent or in any sense wilful. I do not see anything in the Auditor-General's report that said that they were anything more than inadvertent—rather than being wilful. There is nothing in that report that tells me that they were done in the knowledge that the Constitution was being breached. It is up to the individual agency head, both under the FMA Act and the Public Service Act, to determine whether there should be any follow-up investigation.

Senator MURRAY—Perhaps it is not your intention, but you are giving me a lighter impression of the seriousness of this report than the impression the Auditor-General gave me last night. But, putting that aside, I am always concerned where the rectification or punishment for a serious occurrence is in the hands of those in whose interest it is not to act in that regard. It would seem to me the proper route for consideration would be for the Auditor-

General to advise you, as the chief executive of Finance, and for you to make a recommendation to your minister, who would then suggest a course of action to the minister responsible for the particular agency to ensure that it is at arms-length—because you never know whether the minister who had control of the agency might not themselves have been a party to technical breaches, inadvertent breaches or whatever because of the nature of decision making.

Dr Watt—I am not aware that, in that particular report, there was any suggestion that any minister was party to a technical breach or an inadvertent breach.

Ms Campbell—There were suggestions that ministers had not delegated their responsibilities, but that was the only mention of ministers.

Senator MURRAY—Quite right—that the proper and formal processes of delegation and authorisation had not occurred. My purpose in raising this is not to go after a minister or an agency but to say to you that I think that there is a weakness in the process which you should think about addressing. To use the word that was used earlier in a different context, I see DOFA as the ‘guardians’ of the financial integrity of our governmental system. If you think of the Auditor-General as the watchdog, you are the guardians. If the watchdog tells the guardian there is a problem, I would like to see the guardian taking some action to ensure that the minister and the CEO have been formally advised of actions that you believe should be taken, if that is what you believe. That does not occur. It is all left vague, loose and grey. The report comes out, there is a direct discussion between the Auditor-General and the agency, but there does not appear to be a direct and formal discussion, where warranted, between DOFA and the agency at ministerial level or at your level.

Dr Watt—There was certainly no shortage of direct discussions between the ANAO and Finance on this particular issue. There was a great deal of discussion, including in relation to the Commonwealth financial statements, where the Auditor-General did include a comment in the notes on section 31. So there was certainly no shortage of discussions. I do not think the discussions are a problem. Is there a standard feedback loop which would see Finance automatically pursue further action with the minister and, through the minister, with the rest of government? I think the answer is that there is not an automatic feedback loop at the moment, but there is no shortage of discussion, nevertheless. As you know, you have raised a number of things in the last couple of estimates hearings about our framework. We are always happy to think about the issues you raise here and will do so about this one.

Senator MURRAY—I am assuming that—and you can correct me if I am wrong—not one public officer anywhere, not one chief executive officer, not one CFO, has been officially admonished, has had their personnel record notated, has lost their performance bonus or has had any administrative punishment whatsoever for what are, in terms of this report, quite gross breaches of process, accountability and authorisation.

Dr Watt—I could not speculate on that. Nor would I expect to know if it had occurred, because these would be matters between the chief executive officer and an officer concerned, and they would not be, in the normal course of events, reported to me. That would be entirely appropriate under most circumstances, given what we are dealing with.

Senator MURRAY—As I have said to you before, we lack the equivalent of an ASIC in the public sector. If there were breaches of directors' responsibilities or CFO requirements with respect to the accounting standards or whatever, ASIC would report on them and there would quite often be some kind of public action, administrative or salutary, which we should note. In this circumstance, it seems to me, it just disappears. I am not satisfied—and I am not reflecting on you or your minister—that you have got that intervening process formalised so that CEOs, CFOs and ministers of recalcitrant agencies are aware that there is a consequence if they do not do the right thing. In one case here—I am just glancing at a table—there is a figure of \$1.5 billion. This is figure 2.3—'Agencies identified as spending receipts prior to executing an agreement'. It is Centrelink. These are big sums of money which are being criticised.

Dr Watt—We have not gone into the substance of the report. If you would like to, we are happy to. It might be worth just recording that that figure relates to a very particular set of transactions.

Ms Campbell—It is actually one agreement between Centrelink and FaCS. The agreement did not exist and the agency had continued to transfer money to Centrelink to operate as normal under the assumption that there was an agreement in place when there was no agreement in place. There is no suggestion that the funds were spent inappropriately or that they were spent in any manner other than what the government intended. But that \$1.5 billion relates to one agreement.

Senator MURRAY—There are other instance here, as you know, where I think it is half a billion dollars, with respect to DFAT and so on. This document is littered with examples that people can explain away, but they are in direct contradiction of constitutional requirements and finance directives. So you have the law in place, you have the determinations and the financial directives. Everything is in place in terms of what you require, but those requirements have not been met. And, when they are not met, you have no mechanism that I can see for ensuring that the appropriate minister, CFO or CEO is given a bit of a formal belt by the department.

Dr Watt—Perhaps we could come back to your ASIC point, because again it is an interesting issue. We have no equivalent of ASIC in the public sector, you are quite right. But then the public sector is not the equivalent of the private sector. The fact that we can have this discussion here suggests that there are other mechanisms by which ASIC type roles can be brought into play. I am sure that, through this estimates process as well as past estimates processes, there will be a few thick ears handed out, which ASIC does not have the ability to do.

Senator MURRAY—I want to formally request you consider this issue further and come back to the committee with a view as to whether you think the process of enforcement—but I do not have a problem with your determinations and directives; that is not an issue for me—and administrative consequence could be better addressed than it is at present.

Dr Watt—I am a little bit constrained in what I can agree to without the Minister for Finance and Administration here.

Senator MURRAY—I would expect you to go to him.

Dr Watt—But I will certainly make the point to him—

Senator MURRAY—But it is a request.

Dr Watt—that you have raised.

Senator MURRAY—Thank you.

Senator BRANDIS—Ms Campbell, on the same point, there was one thing you said in your prepared statement that interested me. You said that there was potentially a criminal liability of an officer who breached section 83 of the Constitution. Did I misunderstand you?

Ms Campbell—I am sorry; I must have misled you. That was not necessarily with regard to section 83.

Senator BRANDIS—That was going to be my question. I was puzzled and trying to understand what offence would be comprised by that conduct. So there is not a criminal liability?

Ms Campbell—My understanding is that there is no criminal liability.

Senator BRANDIS—Thank you.

Proceedings suspended from 10.58 am to 11.18 am

CHAIR—I call the committee to order and welcome back Senator Minchin.

Senator Minchin—It is good to be back. I am sorry I could not be with you last night—I apologise.

CHAIR—You were missed!

Dr Watt—We have a couple of things that we would like to come back on concerning questions that were asked in the previous session. We have some clarification.

Mr Lewis—Senator Sherry, you asked earlier about the value at which Telstra shares would transfer into the Future Fund. Mr Heazlett has checked that in the intervening period. He will clarify that for you.

Mr Heazlett—The minister has discretion to determine a balance day on which the assets are transferred. But, having determined that day, the value is the market value as at that date.

Senator SHERRY—Thank you.

Dr Watt—We have one other matter.

CHAIR—Thank you.

Ms Campbell—Senator Brandis asked me about criminal penalties in relation to breach of section 83 of the Constitution, and I indicated that there were no criminal penalties in breach of section 83. There are criminal penalties in relation to breach of the FMA Act, in relation to drawing funds without proper appropriation.

CHAIR—I think Senator Murray touched on similar issues late last night.

Senator MURRAY—Yes. Thank you for that.

CHAIR—Thank you, Ms Campbell. Are there any further issues, Dr Watt?

Dr Watt—No, I think that is all for the moment. I am sorry, there is one other. Senator Sherry asked about the maximum performance bonus paid to Finance staff. I drew his attention to a table on page 154 of the annual report, which lists some maximum and minimum performance bonuses for different levels. I did not draw his attention to footnote C, which says:

These figures exclude General Managers.

General managers are my direct reports. As far as I can tell, our reporting on this subject has always excluded general managers' performance bonuses. It seems to go back long into history. I assume that is because, if you report general managers, they will probably—but not always—come out as having the largest performance bonus, but you would usually expect that. Therefore, there might be some basis for identifying individuals, if people put two and two together and come up with the right number. I assume that is why it has not been included, but I do not have an answer. In the spirit in which the question was asked, you asked for an approximate performance bonus. Of the largest bonus paid, the approximate figure was between \$19,000 and \$20,000.

Senator SHERRY—That is fine; that is all I need.

Dr Watt—I missed the footnote.

Senator SHERRY—Yes. Thank you for drawing my attention to the footnotes. They can be quite important. How many in Finance fit into that category of general manager? I am looking for the approximate number.

Dr Watt—At the time of these figures, the year 2004-05, I think we had seven substantive general managers.

Senator SHERRY—Okay. Have you seen the answer to question F6 that was taken on notice? It went to the PSS and CSS boards.

Dr Watt—Not that I am aware.

Senator SHERRY—I am drawing your attention to it at the moment. I know that you have no direct responsibility. Given the information you have just provided in terms of your general managers and looking at those bonus figures, do you have any comment to make?

Dr Watt—No. It is up to each agency here to determine their remuneration rates.

Senator SHERRY—I understand that.

Dr Watt—Clearly, there are people in the APS—without commenting on these—who have particular skills that are in high demand, and they are much better remunerated than those who are seen as having skills that are in less high demand. That is the only comment I could make. I will not begin to speculate whether that is more appropriate than mine or vice versa.

Senator SHERRY—I do not know what your bonus payment is and I do not want to know. But a bonus payment to an individual of more than \$100,000 in the context of our discussion is a significant figure, isn't it?

Dr Watt—It is certainly significant compared to the bonus payments paid by the Department of Finance and Administration. That does not say anything about whether it is justified or not.

Senator SHERRY—I am not going to that here—I will go to that later with other people. It is not just that. Given those figures you have indicated, it is a couple of the other bonus payments as well, and I will deal with those when we get to CSS-PSS. I want to deal with some issues relating to the Charter of Budget Honesty Act. Before we go to that, I have a couple of issues for the minister, Senator Minchin. We had a discussion this morning about the appointment of individuals to the Board of Guardians of the Future Fund, and the department indicated that a list of names, amended, has been sent to you by the department, and I assume the same by Treasury to the Treasurer and to you—is that the case?

Senator Minchin—The Treasurer and I will jointly make a recommendation to the cabinet. We will each come with our own advices and come to a common view and take that common view to the cabinet.

Senator SHERRY—As I said this morning, you will be swinging from the rafters with the outcome, I am sure.

Senator Minchin—I am sure that it will be a very good report, Senator Sherry.

Senator SHERRY—You were not here and I just thought that I would have to draw your attention to that happy outcome. The department itself has indicated that it is not carrying out any background checks into these individuals. What background checks will be carried out by you or your staff as to the background of these individuals in the case of Finance?

Senator Minchin—I should make it clear that we treat this board as one of the most important boards that the government will appoint in the life of this government. This is a very big responsibility this board will have for the management of what could prove to be a substantial fund so we are applying a very careful process to the consideration of names put forward to the cabinet. We are working closely with Mr Murray, and I presume you are not questioning his bona fides or the propriety of that appointment.

Senator SHERRY—I am not. I would have liked him to have been here to ask him some questions given his public comments, but that is another issue.

Senator Minchin—Be assured that we are working very closely with Mr Murray. I have always taken the view that, whatever the board, the chairman has a critical role in ensuring that he or she has complete confidence in the appointments and that we put together a workable team so that the chairman should and must feel confident in all the appointments. You can be assured that the Treasurer and I are approaching this with the appropriate degree of care to ensure that these are fit and proper persons.

Senator SHERRY—I am glad you use the description ‘fit and proper persons’, because we had some discussion about the current APRA licensing process of superannuation trustees and applying the ‘fit and proper persons’ requirement. What specifically will you be doing? Will you be checking the background of these individuals to see if there has been some past legal finding in respect of their record?

Senator Minchin—All I can say is that we will be doing whatever is required to ensure that the government and the chairman can have complete confidence in the appointments once made. We will undertake the necessary checks to ensure that we can have that full confidence.

Senator SHERRY—Who will you check with? Will you check with APRA, for example, and the tax office?

Senator Minchin—I am not going to here elucidate what checks may or may not be made. I simply say that the government will do what is required to ensure that it, the government, has full confidence in these people.

Senator SHERRY—But why not? As you have indicated—rightly, in my view—these are very important appointments, more important than most, I would have thought, even if only on the criterion of the size of the fund. Whatever that size will be, it will very quickly, if not immediately, be the largest single superannuation fund type of entity in the country. So why wouldn't you be checking with APRA?

Senator Minchin—I am not saying that we will or will not. I am simply not going into the detail of what background checks will be made. I think even you, Senator Sherry, will be very impressed with the quality of the board that we do produce and that you, the opposition, the government and the investment community will have full confidence in the people that we do appoint. But I am not going to go through seriatim the sort of checks that we may or may not make to reach that degree of confidence.

Senator SHERRY—I am concerned you say 'may or may not'. It seems to me what would be logical and consistent would be what applies to, for example, superannuation trustees. APRA are carrying out a rigorous assessment of the fit and proper person bona fides of superannuation fund trustees—and it is very rigorous, from what I have heard. It seems to me logical, given the government's policy objective you have outlined, that APRA would be consulted.

Senator Minchin—I note what you say, but I am not going to go into any detail of what methodologies we will adopt to ensure that we have that requisite degree of confidence.

Senator SHERRY—I do not understand why you do not want to go into that detail. We want to all be swinging from the rafters, Senator Minchin, as to the bona fides of these people.

Senator Minchin—So I have got to watch my colourful language—it keeps coming back at me!

Senator SHERRY—It was not the colourful language that came back at you.

Senator Minchin—That is right; it was the Treasurer's. I am sure that if you felt like swinging from the rafters, if that is your way of expressing your delight at the board that we finally announce, I am sure you would. I really do believe there will be no cause to question the quality and integrity of the people we do appoint but, I am sorry, I am simply not going to go into the detail of what checks we will undertake.

Senator SHERRY—I take it from your comments that you have already begun this process of examining possible board appointees.

Senator Minchin—Yes; I am happy to say that of course we are discussing that with the chairman because we want a process that is not rushed and that does ensure that, on an in-principle, subject to the passage of legislation and subject to cabinet consideration methodology, we identify and approach the best possible people. So the Treasurer and I are in discussions with the chairman about possible candidates.

Senator SHERRY—We know from a previous appointment to the Reserve Bank that the Treasurer's office in that case carried out a 'check' with the tax office. That was with respect to Mr Gerard. Will a reference be made to the tax office in this case, with these appointments?

Senator Minchin—You are asking me the same question in a different way. I have already said to you, and I am not going to expand on my answer, that I am not going to go through seriatim what sort of checks the government may or may not make to satisfy itself that these are the appropriate people for this board. I simply assure you and the parliament that we will undertake whatever checks we believe are necessary to give us the confidence.

Senator SHERRY—Given the importance of these appointments, I cannot understand why you will not outline which are the authorities within the government orbit. I can understand why you would not go into the sort of indirect informal checks where you ring up someone who knows them. But in relation to authoritative bodies such as the tax office or APRA I cannot understand why you are not willing to indicate whether or not these individuals will be subject to a check through, for example, those two organisations. I cannot understand why you will not indicate that.

Senator Minchin—I note your curiosity, but I really have nothing to add. We will undertake whatever checks we believe are requisite to give us and the community confidence in this board.

Senator SHERRY—But it is not just my curiosity. I am not asking these questions simply because I am interested. There are other people who are interested in this—even Mr Murray himself has made public comment about, for example, the issue of a possible conflict of interest if a fund manager was appointed. I think in that context his comments were perfectly reasonable. It would be difficult to find a fund manager who did not have either an existing or past conflict of interest, given what the Future Fund will be doing. So I do not have any complaint about that. My issue goes to the fit and proper person test that APRA currently administers in that specific case and to the issue of taxation.

Senator Minchin—This is a body created by the government and legislated for. The government will follow the procedures that we follow to ensure that the people on it, like on all other bodies appointed by the government, are the appropriate people.

Senator SHERRY—This is going back to the election announcement of it being independent and at arms-length. That is the claim that was made. In terms of the funds to be administered it has a level of responsibility far beyond that of any other government entity, but you are not even willing to indicate that there will be a greater level of probity check than otherwise would occur with any other government board or appointment to a board.

Senator Minchin—We deal with each board on its merits. The responsible ministers bring recommendations to the cabinet, having read any information they may have about the persons concerned and having undertaken the background checks that they believe are necessary, commensurate with the responsibilities of the body. The Treasurer and I will do that with the Future Fund board, but I am not going to go into the detail of that.

Senator SHERRY—Did you or your office make any submission to the Remuneration Tribunal on the possible salaries of the board members or the chair?

Senator Minchin—The Treasurer and I have had informal discussions with the Remuneration Tribunal about this matter. It is a matter that, once legislated, the tribunal will need to make a determination on. I think we have indicated publicly that they will decide the appropriate fees for being on this board. We have had informal discussions with the tribunal about that matter, but no conclusions have been reached at this point.

Senator SHERRY—There are some indicative figures. I am not going to go back onto the issue of that. I am just interested to know whether there was a consultation. It does not surprise me. Did the department itself supply its view about a figure? Was a survey done for the Remuneration Tribunal or was there any liaison with the tribunal prior to it coming back with its indicative figures?

Ms Doran—Apart from the one meeting that has been mentioned, prior to the submission itself being put up, there were no discussions with the Remuneration Tribunal.

Senator SHERRY—Did the meeting that has been mentioned involve yourself, Senator Minchin, and people from the department?

Senator Minchin—I think just the Treasurer and I met informally with the members of the Remuneration Tribunal to discuss our general approach to the fund, our view of its role and our sense, in a very general sense, of the remuneration. I think it is fair to say that we indicated that we were conscious of considerable enthusiasm to serve on this board. While the fees should reflect the responsibilities, it was not our view that a fee needed to be set at such a level as to act as a magnet to serve on the board.

Senator SHERRY—So competition is fierce!

Senator Minchin—We are very grateful for the level of interest demonstrated in serving the nation by being members of this board. That is gratifying.

Senator BRANDIS—Perhaps an honorific would be a nice thing.

Senator SHERRY—That is exactly what I was leading up to, Senator Brandis.

Senator Minchin—As finance minister I am obviously attracted to that option, but I find that that does not go down all that well.

Senator SHERRY—Even with this enthusiastic list.

Senator Minchin—On a serious note, I think there are those two joint considerations. The fees should to some degree reflect the responsibility and indicate the weight of the office that is being taken on but, at the same time, it being a government board and one that it will be a privilege and an honour to be appointed to, I do not think we need to be the leaders in the marketplace. We have made that clear to the tribunal.

Senator SHERRY—That sounds reasonable to me. There is just one other issue on this. What is the total payment that has been made to Mr Murray so far in his capacity as a consultant, approximately? You know how reasonable I am about this.

Dr Watt—We will see if we can get you an estimate. At this stage I can assure you that it is not very much.

Senator SHERRY—Could you also indicate the basis on which the payment is made. Is it an hourly rate or a daily rate?

Dr Watt—Sure.

Senator SHERRY—Thanks. I want to come back to the issues of the Charter of Budget Honesty Act. Perhaps we will start with the Future Fund while we still have that fresh in our minds. On the costing of the Future Fund, the answer to supplementary question on notice F49, which was received on 13 February this year, says:

Consistent with the costing conventions in the guidelines, Finance requested additional information on the assumptions the government had made in relation to the proposed investment fund, the Future Fund.

What was the additional information that was sought?

Dr Watt—I would like Mr Bowen, head of our Budget Group to pick this one up.

Mr Bowen—The fact that we had sought further information was published on the website, but the nature of the information sought was not published.

Senator SHERRY—That is why I am asking.

Mr Bowen—At this point, not only do I not have it with me but I do not think I am in a position to answer that question.

Senator SHERRY—Could you take that on notice.

Mr Bowen—Just to clarify: this was a general approach that we took. Whether it was opposition or government questions, we did not differentiate.

Senator SHERRY—You are running ahead of us, Mr Bowen.

Mr Bowen—My apologies.

Senator SHERRY—I am going to explore this in much more detail in other areas. I am just starting with the Future Fund. The government did not respond to those requests?

Mr Bowen—No; we did not have a response.

Senator SHERRY—Consistent with that act, were follow-up approaches made—presumably phone calls—to seek the information?

Mr Bowen—Follow-up approaches were made to seek the information, yes.

Senator SHERRY—And that would be consistent with both opposition and government policy announcements?

Mr Bowen—That is correct.

Senator SHERRY—At the same time, was the department carrying out costings or did it commence costings in this area of the Future Fund?

Mr Bowen—We did not commence costing of that item, because we did not have sufficient information to undertake the costing.

Senator SHERRY—You have indicated that requests were made and phone calls placed; why didn't you receive the follow-up information as requested?

Mr Bowen—That is not a question that I can answer.

Senator SHERRY—Was a reason given?

Mr Bowen—No, there was no reason given.

Senator SHERRY—It was just a blank ‘no’? There must have been some response.

Mr Bowen—No, I do not believe there was.

Senator SHERRY—Was it ‘get stuffed’?

Mr Bowen—We would not necessarily ask for a reason; we were asking for information.

Senator SHERRY—Sure.

Mr Bowen—We got neither information nor the reason.

Dr Watt—Senator, as I understand it, the question was asked: was information going to be forthcoming? We were never told ‘no’.

Mr Bowen—We were never given a reason.

Senator SHERRY—What were you given, then? ‘Maybe we’ll get it to you in a couple of weeks’? If there is a verbal conversation taking place, there obviously has to be a response.

Mr Bowen—The nature of the response, I am sure, would have been ‘best endeavours’. But the individuals we were dealing with did not commit to give a response, to the best of my knowledge.

Senator SHERRY—Were you involved in that process directly?

Mr Bowen—I was involved. The majority of approaches were undertaken by other people.

Senator SHERRY—But they were subject to your oversight?

Mr Bowen—Yes.

Senator SHERRY—So there was more than one call made in respect of this particular policy?

Mr Bowen—There was more than one.

Senator SHERRY—How many, approximately?

Mr Bowen—I have not got a record of how many conversations, but contact was made in relation not only to this policy but also to other policies.

Senator SHERRY—Yes, I am going to get to that. Let’s start with this one.

Mr Bowen—All right, but the phone calls could have covered more than one issue at a time.

Senator SHERRY—That is right; I understand that. I notice another officer has come to the table, and I am sure she can help us.

Ms Campbell—During this period I was the division manager of the budget policy and coordination division within budget group. I undertook a number of conversations with coordinating costing officers from both the government and the opposition. They were generally of a procedural nature, determining when we were likely to receive additional information so that we could program our work and achieve as many costings as possible.

Senator SHERRY—So, in the case of the Future Fund, which we are discussing specifically, do you recall approximately how many phone calls were made?

Ms Campbell—I do not recall how many. It would have been one of at least two costings where we were trying to determine whether additional information would be forthcoming.

Senator SHERRY—On that matter of additional costings, you said at least one other. What was the other?

Ms Campbell—I will ask one of the other officers to provide me with the press release, which was released just before the election, indicating which costings were unable to be completed without more information.

Senator SHERRY—We can come back to it. I have some other questions. It is my understanding that, prior to the calling of the last election, work had been done on particular policies that were subsequently announced. Are you aware of that, Mr Bowen?

Mr Bowen—That would be normal—though I do not have any particular policy in mind.

Senator SHERRY—This was discussed, but I do not think it was discussed with you on the previous occasion. That has happened. It is a matter of fact.

Mr Bowen—It would not be unusual for us to work on government policy.

Senator SHERRY—I am not suggesting that it is unusual. That is just a lead-in to some further questions. Obviously my next question will have to be taken on notice. Can you identify the policies announced by, in this case, the government during the election on which work was done prior to the calling of the election? It may have been in part or it may have been in whole. Can you take that on notice?

Mr Bowen—We will take it on notice.

Senator SHERRY—I would not expect you to have that here.

Senator Minchin—I am not sure we ever provide that information at estimates.

Senator SHERRY—We have discussed it.

Senator Minchin—Policies that the department was working on for the government prior to the caretaker period?

Senator SHERRY—Yes.

Senator Minchin—I am not aware of that precedent.

Senator SHERRY—I will have to go back through the *Hansard* and draw it out. There have been discussions about a policy announcement made by the government during the election and an admission by a department that work had been done on that prior to the election. I am not suggesting that that is wrong or unusual; I am just seeking to identify those by list.

Senator Minchin—What we might take on notice is the precedent for supplying such information.

Senator SHERRY—It has been supplied.

Senator Minchin—I am not sure that it was in this context at an estimates hearing.

Senator SHERRY—It was at estimates. I will get the *Hansard* out and I will refer it to you.

Senator Minchin—We will certainly have a look at the question of precedent.

Senator SHERRY—Following on from that, if you take on notice those policies so identified, could you also take on notice the costs for development of those policies—departmental resources?

Senator Minchin—We have only taken on notice the question of the precedent for the identification of policies. So it is contingent on that.

Senator SHERRY—Yes, I understand that that is your caveat. Do you have an approximate figure for the resources devoted during that caretaker period to the costings of government policy announcements and opposition policy announcements?

Mr Bowen—We have not ever sought to do that.

Senator SHERRY—I am asking now. Obviously, you do not have that here. Can you take that on notice?

Mr Bowen—Frankly, it would be fairly difficult to do. We can give an indication of our resourcing overall and the number of costings, but that does not necessarily equate to the time spent. We would not have records that go to that detail.

Senator SHERRY—So, you are saying that the officers are doing work on both sets—government and opposition—at the same time? The same officers?

Mr Bowen—Yes, they can be.

Dr Watt—It is much more complex than that. Not only are officers working on government and opposition questions but they are also doing incoming briefs for both a returning coalition and an incoming Labor government, and we also have a PEFO to put together. We were busy on lots of different things and I do not think there is any way of reconstructing the amount of time we spent on one as opposed to another.

Senator SHERRY—Well, best endeavours. Take it on notice.

Dr Watt—We are happy to take it on notice, but I can tell you the answer now: it is not possible.

Mr Bowen—I think it would be a very difficult exercise to do.

Dr Watt—It is impossible.

Mr Bowen—It is hard to justify diverting resources to do that, to be honest.

Dr Watt—We do not have the records; you cannot do it.

Mr Bowen—No, we do not.

Dr Watt—We do not have the records, Senator.

Senator SHERRY—Up to that period, was there any written or verbal instruction given by a government with respect to the costing approach of opposition policies?

Mr Bowen—No.

Senator SHERRY—None at all?

Mr Bowen—No.

Senator SHERRY—So how do you determine the approach?

Mr Bowen—You might recall that the secretaries of Treasury and Finance issued guidelines on the costing of election commitments prior to the caretaker period, and that forms the primary guidance for undertaking the costings.

Dr Watt—Two further points: the 2004 guidance built on the 2001 guidance and updated it; and your question went to any direction from government about the costing of opposition policies. It is important to emphasise that there was no direction from government about the costing of government policies either.

Senator SHERRY—Those updated guidelines are publicly available?

Dr Watt—Yes. They were published in August 2004. They were issued in booklet form and put up on our website. It is expected, under the charter, that these are made available before an election, which they were.

Senator SHERRY—Clause 31 of the charter states:

Once a policy has been costed, the Charter requires the relevant Secretary to publicly release the findings as soon as practicable after the request was received and before polling day.

If costings are disagreed on—or there is an element of discussion that we referred to earlier, but there is a disagreement—what is the process?

Mr Bowen—The process is to seek to get sufficient information to form a judgment. At the end of the day, the costing is a Finance costing. It is actually a costing by the secretary of the department of finance. His judgment and an iterative process in a number of cases were gone through to enable us to arrive at that position.

Senator SHERRY—But at the end of the day the secretary can make the call?

Mr Bowen—Yes, that is right—based on proper advice, of course.

Senator SHERRY—Do you believe that is consistent with clause 31?

Mr Bowen—The simple answer is ‘yes’.

Senator SHERRY—Going further to clause—

Dr Watt—One point to remember is that there is an analogy here between the costing process we do day in and day out and the costing processes that are done under the charter. At the end of the day the cost that Finance puts forward in cabinet documents and advice to government are our costs. We go through an iterative process with departments and try to understand their assumptions and obviously try to get to an agreed costing. But, where we cannot, we put forward our costs.

Senator SHERRY—Staying with clause 31, it says:

... individual costings will generally—

and I emphasise that word ‘generally’—

not incorporate second round effects. The focus of costing will be on first round effects and the direct budgetary consequences of policies.

Does this mean that second round effects can be included in costings in some circumstances?

Mr Bowen—It is possible for second round effects to be considered. I think the guidelines leave that open. To the best of our knowledge we have not included second round effects in our costings.

Senator SHERRY—We are talking here about election policies as distinct from other—

Mr Bowen—Generally, we do not and specifically we did not.

Dr Watt—This issue is much more likely to arise in relation to a tax costing.

Senator SHERRY—That was one issue I was going to get to. I will use perhaps the example of the Welfare to Work package, where it was estimated that 109,000 people on parenting payment single were estimated to rejoin the workforce over the next few years as a result of the new activity requirement. That is a positive outcome as a flow-on consequence of the policy and its implementation in terms of costing, isn't it?

Mr Bowen—It is a positive impact of the costing, but from memory the flow-on effects of those people joining the workforce was not incorporated into the costing.

Dr Watt—We did not, for example, assume changed tax revenue positions or anything like that.

Senator SHERRY—But you may model that or estimate that. You may not publish it but include it.

Mr Bowen—No, we did not. We certainly did not include that in the costing.

Senator SHERRY—It may be costed but not included in the costing.

Mr Bowen—It may be. Welfare to Work modelling was done in the main by Treasury. But it certainly was not included in the costing.

Senator SHERRY—With respect to the issue that Dr Watt has raised, there may be an estimate of extra tax revenue on increase in GDP.

Dr Watt—Very rare, Senator.

Senator SHERRY—I understand that it is rare but it is possible.

Dr Watt—It is possible to do that sort of modelling. As you and I both know, the assumptions you use to do such sort of modelling mean that the results that you can get out are very highly assumption driven.

Senator SHERRY—Has the department ever attempted to quantify savings in the form of cuts to the future welfare bill resulting from particular policies, for example, the Welfare to Work package?

Mr Bowen—We costed the various impacts of that package including the variable impacts on the different allowances that people would either cease to be eligible for or become eligible for, but those costings were very specific in relation to the specific initiatives that were proposed and put forward.

Senator SHERRY—I understand that. Does Finance allow a particular line department to adopt that approach in some circumstances or does it to rule it out altogether? You get a proposal—and we are in the pre budget period—which says, 'There are second round consequences as a result of this particular proposal; you cost it.'

Mr Bowen—We would not accept second round effects but, if there were a change in policy which had an impact on welfare benefits, clearly we would cost that.

Dr Watt—This does not stop departments putting these things up, but you are asking if we would accept them?

Senator SHERRY—Yes.

Dr Watt—We cannot stop departments giving us advice—we do not have to take it.

Senator SHERRY—And departments do, I understand that.

Dr Watt—They may from time to time.

Senator SHERRY—Going back to that tax issue, any impact on tax collection, negative or positive, would be a responsibility of Treasury to calculate, presumably with the tax office. Would you seek to verify that?

Mr Bowen—No, we would not seek to verify it.

Senator SHERRY—But if a department says, ‘Look, here’s a policy. It’s going to have an advantageous impact on tax collection,’ would they come through you and you would refer it to Treasury for possible reference, or would they go direct to Treasury?

Mr Bowen—Normally a revenue proposal of that nature would go to Treasury. The charter, as you are aware, I think, provides for the Secretary of Treasury to cost revenue proposals.

Senator SHERRY—Have you ever allowed a department to use forecast tax receipts to offset the cost of a particular policy?

Mr Bowen—No, certainly not, insofar as we are aware.

Dr Watt—That would be a decision that we would not be able to make.

Senator SHERRY—Who would make it?

Dr Watt—In a costing sense, for us it would be more a matter for Treasury. But, at the end of the day, whether an offset were accepted as genuine or not would be a matter for ministers.

Senator SHERRY—So the minister could determine that, if he wished.

Dr Watt—At the end of the day, whether the offset were accepted as genuine or not would ultimately be a matter for ministers to determine.

Senator SHERRY—But you would be consulted on that, wouldn’t you? You would give a view?

Dr Watt—We would be consulted, and I think you could almost certainly count our view as being no.

Senator SHERRY—Are there any differences in the parameters we have just discussed to cost offsets between the caretaker period under the Charter of Budget Honesty and outside the caretaker period—the pre-caretaker period?

Mr Bowen—No. We apply exactly the same methodologies in our costing, whether it is before, during or after the caretaker period.

Senator SHERRY—This would be an appropriate time to ask the minister. He made a speech recently—I am sure he is all too familiar with it—with respect to contributions tax on superannuation. He used a figure of \$3.3 billion. Minister, did the finance department advise you on that figure?

Senator Minchin—No, they did not. The figure was the figure used in public discourse, which is the figure that the industry itself puts on the revenue derived from that tax, so I relied on that figure.

Senator SHERRY—I thought I would ask that to see whether Finance had actually provided that figure in some way.

Senator Minchin—It is not normal for Finance itself to cost tax proposals per se.

Senator SHERRY—I know, but I thought they may have come across an authoritative figure that they had indicated to you. I was not here when Senator Murray asked most of the questions. I think he may have covered this. Regarding the growth in section 31 receipts, from \$831 million in 1996-97 to \$1.46 billion in 2004-05, what strategies does Finance have in place to prevent a repeat performance of the problem identified in the recent Auditor-General's report?

Ms Campbell—Before the report was announced we released a financial circular providing more guidance to agencies on how to carry out the section 31 process. We have also re-signed agreements as at 1 July 2004.

Mr Robertson—All agencies requiring a section 31 agreement now have a valid agreement in place. That was a process undertaken in 2005—through to June last year—when, essentially, agreements were remade based on a new template.

Ms Campbell—So the agreements have been remade and we have issued more formal guidance, in August 2004 and then again in June 2005, to help agencies ensure that they abide by section 31.

Senator SHERRY—You are now satisfied we will not have a recurrence?

Ms Campbell—We have provided significant guidance and education for agencies so they understand the process. We have our internal systems to ensure that when executing the agreements within budget group they are of the standard template that we have issued. And we have double-checking on the signatories to ensure that the signatories are authorised to execute those agreements.

Senator SHERRY—Finance is actually checking those signatories itself—it has not just left it to the department?

Mr Robertson—That is correct.

Ms Campbell—Yes, we are double-checking. We are also implementing a certificate of compliance which requires CEOs of FMA agencies and chairs of CAC authorities to certify on an annual basis that in operating throughout the year they have met the obligations of the FMA Act and the CAC Act.

Senator SHERRY—And presumably, in them signing that, they will have checked?

Ms Campbell—We expect that they will have checked and also relied on their audit committees to provide advice to that effect.

Dr Watt—This will focus the audit committees activities a bit more on the FMA Act per se rather than on other things.

Senator SHERRY—Has anything else been put in place, other than what you have indicated?

Ms Campbell—We are also looking at mechanisms to simplify the framework, to identify whether there would be options within the FMA Act to make this process less subject to the types of problems that have already occurred. We are considering options and we will provide advice to government on those options.

Senator SHERRY—Would that require legislation or regulation?

Mr Robertson—Potentially some of these things might be determinations and there might be changes to the appropriations act and so on.

Dr Watt—But some of them might not, Senator.

Senator SHERRY—I have some questions on costings, with respect to long-term implications. I know we have discussed this before. On the monitoring of long-term projections, has Finance done any work or is it carrying out any work with respect to areas such as, for example, health?

Mr Bowen—We did talk about this last time. We are not undertaking specific work in relation to the long-term issues associated with health. We are of course very mindful of the long-term projections relating to health expenditures. When we consider proposals in the health area we do of course have regard to the longer term implications of any proposals that are brought forward.

Senator SHERRY—And that may or may not include looking at some possible costings beyond the forward estimates period?

Mr Bowen—Certainly it would. Typically, the very hard costings are done for the budget and the forward estimates period, but we do, and under the government's budget rules we are required to, look at longer term trends where those trends depart from what might be suggested by, say, the first four years.

Senator SHERRY—An obvious issue, for example, would be the ageing population. That group, growing in number as a proportion of the population, could accelerate the growth in cost beyond that which you have in your forward estimates period.

Mr Bowen—Yes.

Senator SHERRY—I want to go to one issue specifically at the moment: the utilities allowance that was announced at the last election. The original cost—\$82 million in 2004-05, \$169 million in 2005-06, \$176 million in 2006-07 and \$183 million in 2007-08—would be an obvious issue on which the long-term growth in retirees and pensioners would impact. Did you do any forward costing on that beyond the forward estimates?

Ms Wilson—We costed the forward estimates period only. That is my understanding.

Senator SHERRY—I am a little surprised at that, given your earlier statement. It seems to me to be an obvious one where the cost would accelerate beyond the forward estimates at a greater rate.

Mr Bowen—I think we would need to have a look at that. There are a number of demographic factors coming into play there. Some may be suggesting an increase; others may not. It depends on the cohort.

Senator SHERRY—It is just the sheer growth in the number of people eligible.

Ms Wilson—It is also driven by access to payments like the age pension. So if people, as they get older, have higher personal incomes then they would not necessarily meet all the criteria to be eligible for that payment.

Senator SHERRY—There were two payments. There was one payment to people on an age pension and one payment to those classified as self-funded retirees. I think that was how they were loosely described. So we are dealing with payments to both groups of people, both of which are growing in number and would have faster growth beyond the four years of the forward estimates. But there is nothing specific in this area at the moment?

Mr Bowen—You would need to take up the detail of this costing with Family and Community Services.

Senator SHERRY—I am not going to that. I am interested in the longer term cost beyond the four years of the forward estimates.

Mr Bowen—I cannot bring the specific details of this one to mind. I can only reiterate what I have seen, and that is that if there are significant increases in the rate of growth beyond the forward estimates they will be brought out in the consideration of that issue by ministers.

Senator SHERRY—But Finance have not done any work on this particular one, the utilities allowance?

Mr Bowen—We have not done specific work on it. We would have agreed the costs when it was put up. In doing that, if there had been a significantly accelerating growth rate that would have been identified. But we have not done specific work on it.

Senator SHERRY—When the *Intergenerational report* is updated, presumably this type of new policy will have to be incorporated in that. That is work for Treasury, isn't it?

Mr Bowen—It is work for Treasury. We become involved, but it is the Treasurer's document, yes.

Senator SHERRY—On the specific issue of the utilities allowance, dealing with the cost on the forward estimates, is any work being carried out to revise that cost at the present time?

Mr Bowen—We update the estimates a number of times a year.

Senator SHERRY—Yes, I understand that.

Mr Bowen—In the most recently published update, from memory there was no reference to it. So I am presuming that there was no significant revision.

Senator SHERRY—Are you doing any work on this particular one at the moment?

Mr Bowen—We do an update of the estimates prior to ERC. That is not a published update.

Senator SHERRY—I understand that.

Mr Bowen—Of course, we do a further update just prior to publishing the budget, and all estimates are put under scrutiny in each of those updates. But apart from that I do not believe that we are doing any work specifically on the utilities allowance.

Senator SHERRY—Going back to the earlier discussion and the reference to the *Intergenerational Report*, presumably you liaise with the Retirement Income Modelling Group with respect to longer term costs?

Mr Bowen—We do liaise with them, but they are a group within Treasury.

Senator SHERRY—And the Government Actuary?

Mr Bowen—The Government Actuary becomes involved with line agencies from time to time. I cannot say—

Senator SHERRY—It would be a pretty obvious one—we had a talk about it at the beginning of today.

Mr Bowen—Obviously superannuation estimates are a case in point, and Finance does of course get heavily involved there as the line agency responsible, but from a budget group point of view we would not tend to get involved with the Actuary.

Senator SHERRY—So other than, for example, the superannuation area, where it is a direct responsibility in Finance, you do not get involved—acknowledging that there could be a possibility, but—

Mr Bowen—It could be a possibility, but to my knowledge we have not, certainly in recent years.

Senator SHERRY—Has Finance undertaken commission work over the past 10 years that compares the alternative benefits to the community of different spending on a range of different areas—for example, spending on education and spending on roads?

Dr Watt—Not that we are aware of sitting here and now, but our collective memory does not go back beyond five years.

Senator SHERRY—Could you take it on notice and check the last 10 years?

Dr Watt—Yes. It is highly speculative analysis. It does not sound like us.

Senator SHERRY—You can always minimise risk. Before I go back to what I would broadly call personnel issues in the answer I got to a question on notice, is the CBMS—the central budget management system—to be used to update estimates for the 2006-07 budget?

Ms Campbell—The CBMS is being used for actuals at the moment but is not currently planned to be used for the 2006-07 budget.

Senator SHERRY—Why is that?

Ms Campbell—The system is still being developed, and we were hoping to finalise that development, but we considered the risk of having a system with some faults in it going into

the 2006-07 budget and decided to wait until we were confident that the system would be able to perform and produce the budget documents.

Senator SHERRY—You say ‘some faults’. What sort of faults?

Ms Campbell—They are primarily development issues. We are refining the development so that it satisfies the needs both of the agencies and within the department. It is a pretty big system development because all agencies have to enter data, as well as Finance processing that data centrally.

Senator SHERRY—So we will have the two systems, AIMS and CBMS, running concurrently to varying degrees for the 2006-07 budget?

Ms Campbell—Yes, I think you could phrase it that way.

Senator SHERRY—I am trying to think back to previous estimates. Wasn’t there an indicative goal date for the closure of the AIMS system?

Ms Campbell—I think we would have liked to have completed the development of the system about now and be ready to go into the 2006-07 budget with CBMS fully implemented but, because we identified some development issues that we were still trying to undertake and we were determined to ensure that the system was fully ready before we went live, we have decided not to go live on the budget side of the system until 1 July 2006.

Senator SHERRY—Has the training of officers been an issue with regard to the system?

Ms Campbell—The training has continued. We do have a number of elements of the CBMS operating. We are trialling the actual part of the system at the moment, the cash management part of the system is currently working, and some internal systems to assist us with preparing for the budget and ERC are also implemented and we are using them.

Senator SHERRY—In a question on notice I asked for a breakdown of staff turnover in Finance and the budget group particularly. It was discussed at previous estimates and I received a breakdown of staff turnover. Has the issue of staff turnover in the budget group been a factor, given that you have to train new officers?

Mr Bowen—A factor in what, Senator?

Senator SHERRY—A factor in not being able to—

Mr Bowen—I am sorry.

Senator SHERRY—We are discussing the conversion from AIMS to CBMS. Has that been a factor?

Ms Campbell—I do not think we would say that. It is primarily technical development that we would like to see in place before we go live on the system. It is very important that it works completely before we go live.

Senator SHERRY—Is it 20 per cent?

Mr Bowen—No, Senator—

Senator SHERRY—The budget group’s turnover—

Mr Bowen—We have provided an answer. The turnover for budget group for 2004-05 was 33 per cent.

Senator SHERRY—I stand corrected because I did have it here in front of me but I cannot find it at the moment. A 33 per cent turnover—

Mr Bowen—Sorry, it is 25 per cent.

Dr Watt—That is at the SES level. I think it is 33 per cent.

Mr Bowen—It was 33 per cent for 2004-05.

Senator SHERRY—And that does not impact on the ability to convert to a new system, given that you have to train new staff?

Dr Watt—Perhaps I should answer that. Does our higher level of staff turnover cause some difficulties? The answer is: yes, it does. As I said to you last time, I consider my inability to reduce the rate of staff turnover in Finance a shortcoming for me as a CEO. Do I want to get that level of turnover down? You betcha. Was it a major reason or even a significant reason in the delay of the introduction of CBMS? No.

Senator SHERRY—I want to go to the more general—

Dr Watt—Sure.

Senator SHERRY—Moving into that in the context of the CBMS, I thought that might have been an issue. Just before I conclude on the CBMS, however, surely there would be a specific training program for current staff and new staff for CBMS, given its nature.

Ms Campbell—There is a training program on the various elements on CBMS. The training is quite modularised.

Mr Bowen—There has been a very high rate of training by the budget group of staff.

Senator SHERRY—There has to be.

Mr Bowen—There has to be, yes. But the fact is that whether we had had a high turnover rate or not, because the system is new, we would have had to train a large number of people, or everybody.

Senator SHERRY—Yes. And given any turnover, you have to have a higher training capacity.

Mr Bowen—The additional impost for us has been having to train new people in the old system, not in the new.

Senator SHERRY—Okay, so that has been an issue.

Mr Bowen—It is a practical issue which we have dealt with.

Senator Minchin—Senator Sherry, I understand you asked about the origin of the outstanding descriptor of ‘guardians’. I am pleased to report that the Treasurer—

Senator BRANDIS—It sounds a word Plato would have used.

Senator Minchin—Close. The Treasurer and I had a conversation and I am pleased to report that the Treasurer—

CHAIR—Senator Minchin; the philosopher king!

Senator SHERRY—An outstanding description of swinging from the rafters, Senator Minchin.

Senator Minchin—He has a gift for words, our Treasurer; and he rang me to suggest that this might be an appropriate descriptor. I thought that it was an outstanding and enlightened suggestion and I was happy to support it. I am happy to confirm that it was the Treasurer's proposal.

Proceedings suspended from 12.31 pm to 1.34 pm

Senator SHERRY—Before the break, we were talking about some budget group personnel issues, as I broadly refer to them. Is any outside consultant undertaking any work on personnel issues?

Mr Bowen—Not at the present time, no.

Senator SHERRY—Has there been some work undertaken in the recent past?

Mr Bowen—No.

Senator SHERRY—None at all?

Mr Bowen—None.

Senator SHERRY—What about in the last calendar year? There was no outside consultant, for example, on staffing related issues in respect of budget group?

Mr Bowen—No.

Senator SHERRY—Has the high staff turnover in the budget group impacted on that group's ability to do its job?

Mr Bowen—It has had an impact, in that to maintain staff numbers we have had to gear up our recruitment activity and our training. Also, I guess, given that the turnover tends to be more at lower levels than that higher levels, it has placed additional demands on more senior managers within the group. Having said that, I think budget group has continued to meet its work demands and to produce high-quality and timely products.

Senator SHERRY—I want to come to an individual issue, without naming the person's name. I do not seek their identity. But I understand a promotion has occurred over the last calendar year of an individual who had been, effectively, sent home early from an overseas deployment for misconduct. Are you aware of anything of this nature?

Mr Bowen—No.

Dr Watt—This is an area where we have to tread very carefully, but I think what Mr Bowen is saying is that we are not aware of an individual who was sent home early from overseas deployment for misconduct, full stop.

Senator SHERRY—Okay.

Mr Bowen—We have not had anybody sent home for that reason.

Senator SHERRY—Can you take it on notice to check? You may not be aware of it.

Dr Watt—We can undertake to check, but that is something we would expect to be aware of. We do not have that many individuals deployed overseas. We have about a dozen, but no more.

Mr Bowen—We would know if that were the case, because we would be the people bringing the person home.

Senator SHERRY—Is Mr Suur here? I just want to clarify an issue.

Dr Watt—Mr Suur has changed jobs since about the time of last estimates. It may be more appropriate to have someone else, if you could tell us what the issue is.

Senator SHERRY—It relates to the evidence he gave at the last estimates committee. I do not really know how another officer can deal with that.

Dr Watt—Which piece of evidence?

Senator SHERRY—I will just go to page 19, which is when we were discussing this issue of turnover rates. We were talking about AWAs as well. Mr Suur said:

As I said, we conduct exit interviews. In those exit interviews no staff member has pointed to an Australian workplace agreement as the reason they are leaving the organisation.

It was quite a clear and firm ‘no’.

Mr Suur—That is correct.

Senator SHERRY—To the best of your knowledge, do believe that is correct?

Mr Suur—Yes, I do.

Senator SHERRY—Have you checked this claim by Mr Suur?

Mr Suur—Have I checked my claim to the Senate estimates committee?

Senator SHERRY—Yes.

Mr Suur—No, I have not.

Dr Watt—This is Mr Suur.

Senator SHERRY—But you are in concurrence with Mr Suur’s evidence at the last committee—

Mr Bowen—Senator Sherry, I do not think you heard—this is Mr Suur.

Mr Suur—I should have identified myself.

Senator SHERRY—So, to the best of your knowledge, no staff member appointed under an Australian workplace agreement has given that as a reason that they left the organisation?

Mr Suur—The exit interviews were commenced during the course of last year. At the time I gave the answer, some 30 had been conducted and, to the best of my knowledge, in none of those exit interviews was an AWA cited as a reason why a person chose to leave Finance.

Senator SHERRY—That was as at Tuesday, 1 November 2005?

Mr Suur—Yes.

Dr Watt—I do not know whether Mr Suur would have seen every exit interview after it was held or not. Normally we see the results of those in groups. They are, of course, done anonymously.

Senator SHERRY—I will go to a couple of superannuation issues, including public sector advice. We would normally take that with ComSuper and PSS-CSS.

Dr Watt—While we are back on the tangential subject of superannuation, you asked about our accuracy estimates this morning and the reason for the variations involved. We have a bit more work to do on that and we probably will not get it back today. We would probably need to take it on notice rather than try and respond to you, to give you a full and proper answer.

Senator SHERRY—Thanks. There are two specific impact issues that I want to raise that have been raised with me by constituents. One relates to a claimed adverse impact as a consequence of the sale of Telstra. What will be the impact, if any, on those individuals and their entitlements under PSS-CSS as a consequence of the sale of Telstra?

Ms Doran—I can answer that. It is long-standing government policy that only Commonwealth employees are entitled to be members of the CSS. So upon the sale of Telstra, if that were to happen, the current membership of the remaining members of the CSS would cease at that point. That means in practice that all of their accrued entitlements within the scheme will be protected and will be paid as they become obligations, but they will not accrue any further entitlements as members of that scheme.

Senator SHERRY—So, in other words, if Telstra continued in public ownership they would continue to accrue rights under the CSS?

Ms Doran—That is right.

Senator SHERRY—That would not be the case if Telstra is sold?

Ms Doran—That is right. But all of their past rights will be preserved within the scheme.

Senator SHERRY—But rights that they would otherwise have accrued in the future do not continue, unless Telstra agrees to continue them?

Senator Minchin—Presumably, that was the case when you sold the Commonwealth Bank and Qantas.

Senator SHERRY—I do not know.

Senator Minchin—It is very longstanding government policy.

Senator SHERRY—I do not know, Senator Minchin. I would have to check that. It depends on the structure of the superannuation fund that replaces it. Minister, have you received any representations on this issue?

Senator Minchin—Not that I recall. That is not to say that I have not; but I do not recall them, because the government's policy is longstanding. It predates our government. I am advised that this was certainly the case when your government sold Qantas and the Commonwealth Bank and it is a reasonably logical approach to preserve the benefits accrued to the time in which the status of the corporation changes.

Senator SHERRY—That need not have any impact if the replacement fund in the new entity—the sold entity in this case—is equivalent to the old fund.

Senator Minchin—That is hypothetical.

Senator SHERRY—It is not hypothetical.

Senator Minchin—Yes, it is.

Senator SHERRY—I do not know whether that was the case in respect of the two examples you quoted, Qantas and the Commonwealth Bank.

Senator Minchin—The question is: do they remain in the CSS-PSS. They do not.

Senator SHERRY—The issue is: did you check, when you checked that, whether the new fund effectively had equivalent rights to the old fund.

Senator Minchin—That was not the gist of your question. Your question was whether they ceased to belong to the CSS-PSS.

Senator SHERRY—No, the gist of my question was: they cease to belong but what is the consequence of them ceasing to belong.

Senator Minchin—I would have to go and check that, but I am happy to do so.

Dr Watt—There is also a point about it being not just about superannuation entitlement on ceasing to be a member of a publicly owned corporation and becoming a member of a privately owned corporation. It is actually the total remuneration package that matters. You may have had a much less attractive superannuation scheme and a much more attractive package elsewhere.

Senator SHERRY—Sure, but the complainants to me are focusing on the superannuation issue. That is the issue of importance to them in this case.

Senator Minchin—The critical thing is that they will not lose any entitlements they have accrued to the point of sale. That is their critical reassurance. I am advised that I have received some representation, presumably by correspondence, on this matter.

Senator SHERRY—As for the consequence of the sale of Telstra if it goes ahead, has there been any examination of Telstra's presumably current arrangements that they would pass into versus the old arrangements or what will become the old arrangements—Telstra fund versus what they are in at the present time?

Ms Doran—No. The future arrangements of Telstra employees in that scenario would be a matter for Telstra. It is not something that we have looked at.

Senator SHERRY—Except that Telstra still own the majority shareholding so it is still a matter that government can determine, isn't it, if it so wished?

Ms Doran—Not once the sale has occurred.

Senator SHERRY—No, I am talking about before it is sold.

Dr Watt—I do not think that we have ever taken a determining role in setting the standards for superannuation for our GBEs, let alone one that is nearly half privately owned.

Senator SHERRY—It is still majority publicly owned though.

Dr Watt—I do not think that the Commonwealth has ever managed its GBE responsibilities in that fashion.

Senator SHERRY—Has the government sought and/or received any assurances in respect of surplus that exists in the Telstra superannuation fund after the sale proceeds?

Ms Doran—No, not that I am aware of.

Senator SHERRY—So if Telstra is sold, that would be a decision for the board of the day within whatever legal rights it has to exercise in terms of the surplus?

Ms Doran—I think that it would be a matter for the trustees of the fund.

Senator SHERRY—The trustees alone, not the employer?

Ms Doran—I presume so, yes—to the extent they protect the members' interests, that would be their responsibility.

Senator SHERRY—I think the Shell case established some interesting precedents on that, but I will not go into that now. So your view is that the Telstra trustees will determine that issue, if there is anything to determine.

Ms Doran—I would imagine that would be the situation.

Senator SHERRY—I would put it to you that there is nothing in law—the Shell case is, I think, the main precedent—preventing the employer from repatriating the surplus from the DB fund if it so wishes. You have not examined that issue?

Ms Doran—No, I have not. It is not an issue for us; it is a case for the trust deed and the trust in the particular circumstance. It is not an issue that we would look at.

Senator SHERRY—The point I am getting at is that the government as a majority shareholder has obviously chosen not to touch the surplus in the existing fund. It has not done anything about that. The trustees are dealing with the matter. Once Telstra is sold, my understanding is the new employer, the new owners, will have a right, if they so wish, to determine what happens to that surplus. It is not just the trustees but the new owners who will have a right and can exercise it if they wish.

Senator Minchin—I think the officers are saying that is not our understanding, but we are happy to check that as soon as possible.

Senator SHERRY—Yes, could you check that, because I think it is an issue. Telstra may or may not choose to do something—I do not know—once it passes into majority private ownership. I do not know what the existing surplus in the fund is—I understand it is in surplus. So could you have a look at that issue.

Senator Minchin—We will come back to you as soon as we can on that.

Senator SHERRY—On another issue, has there been any examination of applying the interdependent relationship principle to the existing members of the defined benefit funds, the CSS and the PSS?

Ms Doran—I am sorry, could you repeat the question?

Senator SHERRY—On the issue of interdependent relationships—same-sex couples, in this case—has there been any examination of the application of that principle, which the government has legislated for in some areas, to existing members of the PSS and the CSS?

Ms Doran—Yes, we have been looking at some options for how that may apply in the context of the defined benefit schemes, but as yet we have not provided advice to the government.

Senator SHERRY—What sort of issues are you considering in that context?

Ms Doran—The application of that benefit to a defined benefit scheme which is pension based is particularly complex. We have been looking at how best that might be devised in practice, as well as looking at the cost implications of various options.

Senator SHERRY—Is that just same-sex couples, or interdependent relationship couples, as the government recently defined?

Ms Doran—We have been looking in the context of the definition of interdependence as it is in the SI(S) Act.

Senator SHERRY—And that would include not just same-sex couples but the other groups as defined with respect to interdependent relationships?

Ms Doran—That is correct.

Senator SHERRY—How long, approximately, have you had this issue under examination?

Ms Doran—It would be around 12 months.

Senator SHERRY—When is it expected a report would go to the minister on this matter?

Ms Doran—We are hoping that will happen in the first half of this year.

Senator SHERRY—Let us take the issue of same-sex couples, and you have raised the issue of cost. There would have to be some assumptions made about the proportion of persons or members of CSS-PSS who fall into that group. That would be correct, wouldn't it?

Ms Doran—They would be assumptions that the actuaries would make in costing various options.

Senator SHERRY—So which actuaries are doing this work? Is it the government actuary?

Ms Doran—No, our usual actuary or consultant.

Senator SHERRY—Who is that?

Ms Doran—Mercer's.

Senator SHERRY—Are they calculating the assumption in respect to the other groups in the interdependent relationship definition?

Ms Doran—Yes. We are using the broad definition of interdependence.

Senator SHERRY—Have Mercer's completed that and passed over an assessment to the department?

Ms Doran—The work is in process. As we are exploring options, we are working iteratively with them.

Senator SHERRY—Have they given you an estimate of the figures in each of those categories who they believe belong to the PSS-CSS?

Ms Doran—No, they have not given us estimates of the numbers of members who might be in those categories.

Senator SHERRY—Do you know how they have gone about researching that information from an actuarial point of view? For example, have they done a representative survey of members?

Ms Doran—I do not believe they have done a survey of members. I would not like to comment on how they have formed their assumptions.

Senator SHERRY—This is an issue for the minister: Minister, does the government intend to stand by the commitment it gave in respect to the application of interdependent relationships to the PSS-CSS? Will it apply that principle to the PSS-CSS?

Senator Minchin—I am trying to recollect what public undertakings were given.

Senator SHERRY—It has been applied to defined contribution schemes, but it has not been applied to the existing PSS-CSS.

Senator Minchin—I would rather check formally on what has—

Senator SHERRY—It was Senator Coonan, I think, who made the announcement.

Senator Minchin—I am not sure that I have ever spoken publicly on the matter.

Senator SHERRY—No.

Senator Minchin—I think you are referring to Senator Coonan's commitment. She made a commitment to Senator Greig on 23 June 2005 to make inquiries into the progress of changes to all Commonwealth super schemes to allow payment of superannuation death benefits for persons in an interdependent relationship. The commitment was to make inquiries into the progress of changes. I have not had drawn to my attention an unconditional commitment by Senator Coonan or anybody else in authority to make those changes.

I like having a good relationship with the Commonwealth Employees Association. I have worked well with them on the changes that we have made; I want to have a constructive relationship. But this is quite a difficult area, as the officers have indicated. We are working assiduously to try to work out whether it is possible to do this and how. I hope you accept the integrity with which we are approaching this. But we cannot make an unconditional commitment to doing it, because we need to know what exactly is involved in making such a change.

Senator SHERRY—I am just trying to establish what the commitment is. On what you are saying, there is no unconditional commitment in this area.

Senator Minchin—No, there is not. There is a commitment to best endeavours to attempt to apply the principle to Commonwealth superannuation, but we have been up front in saying that it ain't easy.

Senator SHERRY—It ain't easy because of legal issues or because of cost issues?

Senator Minchin—A combination.

Senator SHERRY—I will just give you an example, Minister: it is not easy to apply the recent changes to family law to a DB fund—I understand that that is horrifically complex to apply to a DB fund.

Senator Minchin—You are right.

Senator SHERRY—Effectively, we are talking about the reversion of benefit.

Senator Minchin—Ms Campbell just wants to give more detail to the issues that we are working through.

Senator SHERRY—Fine. But my point to you would be that, in terms of the complexity of applying it to a DB fund, there is frankly nothing harder than the family law changes that went through.

Senator Minchin—They were certainly difficult. I agree with that.

Senator SHERRY—So I would submit that it is not an issue of complexity. There is certainly complexity in applying it, but I submit that the dominant issue would be cost.

Senator Minchin—I suspect you are right.

Ms Campbell—They are issues of complexity, as you have said, but there is the cost. We are still working that out to give that advice to government.

Senator SHERRY—So there is no commitment at this stage. That is where we are at.

Senator Minchin—No. But we are seriously working this issue through. We need to know what the facts are and the government would give it proper consideration with all the facts before it.

Senator SHERRY—The officers indicated that there would be something possibly by the middle of this year. Where does this fall in a priority of scale, given the commitment by Senator Coonan with you, Senator Minchin?

Senator Minchin—I am keen for the government to come to a final position on the matter. It would be easy to say: 'It's all too hard. We're not going to do it.' I am not of that mind; I do want to work this through; I do want to know exactly what is involved and have the government give it due consideration. To the extent that there are material costs involved, we have to weigh that up against other priorities. I certainly would like to have the government reach a position on this by the middle of this year.

Senator SHERRY—I think I put on notice a question or questions relating to the number of people who have accrued a benefit under PSS-CSS and have gone to work elsewhere, in the private sector. So they have accrued a right. I think there is a question on notice about the number of people; effectively that there is an accrued entitlement in the DB fund, PSS-CSS, that at some time will crystallise when they claim their benefit—when they retire, in other words. Do you recall that?

Ms Campbell—We are not aware of a recent question on notice to that effect, but we will check and see if we can find where that is.

Senator SHERRY—Thanks. It is not critical. I will double-check. I put quite a lot of questions on notice at the end of last year—I think it was in December—about a whole range of superannuation matters. I will double-check. If I have not done so, could you take this on notice and let me know the number of people who are no longer working in the public sector—they have gone to the private sector, although there might be some areas in the public sector, state or Commonwealth, where the PSS-PSS does not apply—and have accrued a right or an entitlement that will crystallise at some date when they retire? You can give me the raw number of people. And, if you can, give me an estimate of the total cost—the liability effectively—for that group of people. I am a reasonable person, so I ask for a reasonable date—probably a financial year or a calendar year end date for both the number and the accrued liability, which would make up part of the ongoing liabilities. Could you take that on notice?

The other issue is specifically about the PSS-CSS. I touched on it earlier. I got a response back to a question on notice about the performance bonuses. I was given a breakdown of the individual bonus payments—the number of staff and total payments. I just want to know that my understanding of this is correct. One officer received a bonus payment of \$103,193. Is that correct?

Mr Carrigy-Ryan—If you are reading from the one that I have, dated 12 December—

Senator SHERRY—It is question F6. It does not have a date on it.

Mr Carrigy-Ryan—Question F6 would be correct. I will make three comments in relation to that. Firstly, it is obviously an individual, and I would not want to go into that particular circumstance, for the obvious reasons.

Senator SHERRY—I am not seeking the name.

Mr Carrigy-Ryan—Secondly, employees of the boards are not employed under the Public Service Act. They are employed by the boards and, as you would appreciate, include a number of investment professionals. Any bonus payments are subject to board approval, are determined by the board in the case of senior staff and are at risk.

Senator SHERRY—What do you mean by ‘at risk’?

Mr Carrigy-Ryan—They are not automatic.

Senator SHERRY—I notice if we go down the scale one person received \$54,000, another received \$45,828 and then there were a number of others who received lesser amounts. I was a little taken aback when I saw one person receive \$103,193 as a performance bonus for a public sector instrumentality. I was a little taken aback at the size of that figure.

Mr Carrigy-Ryan—To reiterate, we do employ a number of investment professionals. They are on term contracts with the board, and that remuneration structure would reflect the remuneration structure that applies to investment professionals throughout the private sector. We are competing in a market for those people, and we have to be competitive.

Senator SHERRY—I appreciate that but, as I mentioned to Dr Watt earlier, the general managers in Finance may have qualifications and experience in the area of investment management but I know that none of their bonuses exceeded the range of \$19,000 to \$20,000. I am trying to make some sort of reasonable comparison here about public sector performance

bonuses. Was that a consideration in setting the criteria—looking at performance bonuses across the public sector?

Mr Carrigy-Ryan—The board received independent advice from a remuneration consultant on both the level and mix of remuneration on a TR basis. I am not sure that there is much more I can add. Obviously they acted on that advice.

Senator Minchin—I will make a general comment. I was not conscious of the detail of that particular situation, but I do think there is a difficulty when you have an agency like this which is effectively competing for talent with the private sector and is operating as a quasi private sector operation. For example, we have the issue with Medibank Private and Australia Post—government businesses that must compete for talent in competitive industries. You would find with those two companies that their managing directors are better remunerated than would be the norm in, say, the department of finance, because they are competing with the private sector for talent. I therefore think that the board of the CSS-PSS is acting appropriately in adopting a quasi private sector approach to the retention of the talent. I would have thought that public servants would want the best available talent to be managing their funds to ensure that their retirement benefits are professionally looked after. It is certainly true that it is somewhat more than you would find in normal departments, but I think the operation is quite separate and the competition for talent is quite separate.

Senator SHERRY—I am not unreasonable in this. I do understand the issues in the funds management area and anyone dealing with significant investment issues. I do not think I am unreasonable. But it does beg the question—as I pointed out earlier, when you were not here—of whether we are going to face similar issues in the Future Fund and the personnel who are employed for that. I suspect we will.

Senator Minchin—Again, I think the Australian people expect the best available talent to be managing what is going to be a substantial amount of public money and therefore the Future Fund will have to compete to some degree in a remuneration sense to ensure that it can attract the best possible talent. That is always the way if the talent you are seeking is in a competitive marketplace where there are big offers on the table.

Senator SHERRY—I do appreciate the issue.

Senator Minchin—I agree that the board needs to be sensitive to the fact that they are still operating in the public sector, and I think they are. I think you would find that throughout the public sector agencies like this are receiving far less in remuneration terms than is normally the case in the private sector.

Senator SHERRY—I agree. We would have to take into account also the pay as well as the performance bonus. Obviously we are not provided with the performance bonus of, say, department heads. We had a discussion earlier—and I was not going to Dr Watts's circumstances—and I doubt very much that there would be any department head who, whilst having a different level of financial expertise and a level of responsibility that is pretty substantial, would come close to \$103,000.

Senator Minchin—True, but I do not think that that is the right comparator. I think a more appropriate comparator, frankly, would be wholly owned government businesses that have to

compete in the private sector for the talent to manage those businesses. I think that is a much more logical comparison.

Dr Watt—You asked the question about our exit interviews. We commenced an exit interview program in October 2004. It was initially a pilot and we carried it on after completion of that pilot. I understand that we have checked the records and we have also spoken to our service providers—it has been the same one through the period—and we can confirm that no employee has given the reason of being required to be on an AWA as the reason for leaving Finance.

Senator SHERRY—Thank you for that, Dr Watt.

Dr Watt—It is fair to say that not all employees choose to avail themselves of an exit interview but many do and none have given that reason. Mr Chairman, can I check whether we are on general questions or outcome 1 or outcome 2?

CHAIR—We are on 1.2.3, on public sector superannuation advice.

Senator WATSON—Have there been any convictions or has anybody been before the courts in relation to the scam where somebody attempted to access your funds?

Mr Gibbs—There are a number of people who have been charged. That has come before the court as recently as last Friday. There was a continuance and proceedings are yet to commence.

Senator WATSON—Has any money been received from any associated parties? What is the recovery?

Mr Gibbs—The fund is as it was before the attempt. The fund lost no money. All bar \$3 million was in fact recovered, but the fund did not lost any money. If that sounds odd, it is because the custodian in fact bore the small loss that occurred.

Senator WATSON—So the custodian has paid the \$3 million?

Mr Gibbs—Yes, to us. In other words, the CSS fund is as it was before the attempt, and it has been as it was all the way through, effectively.

Senator WATSON—So you stopped all bar \$3 million from escaping—

Mr Gibbs—That is correct.

Senator WATSON—but the \$3 million that did get through to Switzerland or somewhere has been recovered from the custodian.

Mr Gibbs—That is correct.

Senator WATSON—Well done. Have you changed any of your systems to overcome this problem, or was it human error?

Mr Gibbs—I am quite loath to discuss the specifics (a) because it is before the courts and (b) because I do not want to be telegraphing what procedures are in place lest that encourage somebody else to attempt such a thing. However, I can tell you that it was a combination of circumstances. The Federal Police have described the attempt as very sophisticated. We reviewed all of the procedures and systems and we made certain changes, not that we believed there was anything wrong with the way things were done anyway. It was a sophisticated

attempt, and I am sure when the persons who have been charged come before the court that people will gain a better appreciation of exactly how sophisticated it was.

Senator WATSON—If you have not changed anything, how is it that the same sophistication may not apply again in similar circumstances?

Mr Gibbs—A ‘combination of circumstances involving certain individuals’ is the best way I can put it. It was not so much the systems; it was a matter of alleged collusion between a number of individuals.

Senator WATSON—Were any of those people who were colluding within ComSuper?

Mr Gibbs—No, neither ComSuper nor the board’s own staff.

Senator SHERRY—I understand this issue is sensitive because I would not think you would want to disclose the changes you have made internally, but has there been any across superannuation fund analysis of the attempted fraud that would be useful for other funds to learn lessons from? I know your systems may be different.

Mr Gibbs—I can answer that this way. I think we can all learn something from any number of events, but until the matter has come fully before the court we are really not able, at the request of the Australian Federal Police, to discuss any of the details. When we are, we would be happy to share our experience with everybody.

Senator SHERRY—I am not suggesting everybody.

Mr Gibbs—I meant with other funds. Superannuation funds and custodians are loath to discuss details of procedures lest, as I said, they encourage somebody to attempt to bypass or thwart those procedures.

Senator SHERRY—Okay. On the new defined contribution scheme, I am told there is a problem with obtaining death and disability insurance. Is that the case?

Mr Gibbs—I will ask my chief operations officer to answer that.

Mr Carrigy-Ryan—We had a meeting as late as last week with the underwriter. We are not aware of any issues. In fact, the first two claims under the new scheme were paid last week.

Senator SHERRY—So obviously you have got an underwriter to underwrite the insurance going forward in the DC scheme.

Mr Carrigy-Ryan—Yes, from 1 July when it started.

Senator SHERRY—As a matter of interest, what is the current membership of the DC scheme?

Mr Carrigy-Ryan—Approximately 10,000.

Senator SHERRY—In six months?

Mr Carrigy-Ryan—Yes.

Senator SHERRY—Are you able to make any observation about the size or extent of employee contributions to the DC scheme, given the government’s contribution of 15.4 per cent?

Mr Gibbs—There is little, if any, voluntary employee after-tax contribution. However, there is a substantial amount of money in the funds that has been rolled in from other funds. So roll-ins are in fact exceeding contributions at the moment.

Senator SHERRY—I love to see those lost accounts being found. The more of them that are recovered the better. Going to the issue of the contribution, just remind me: what is the effective total contribution rate, on average, in the PSS-CSS, the old funds?

Mr Gibbs—It is different. The actuarial assessment of the cost of the PSS—the present value, if you like—is 15.4 per cent of salary. That is the contribution that is being made to the DC, or accumulation, fund. The CSS is more like 27 per cent of salary.

Senator SHERRY—I did not think it was that high.

Mr Gibbs—It is something like that. It is of that order.

Senator SHERRY—The PSS and the CSS have an employee contribution, though, haven't they?

Mr Gibbs—Yes, they have. There is a compulsory after-tax employee contribution in the CSS of a minimum of five per cent. In the PSS it is a minimum of two per cent, but it may be up to 10 per cent.

Senator SHERRY—Given what you have said—put aside the transfers of money, which are obviously accruals in other DC schemes—effectively is it reasonable to conclude that, given that the employer in this case is paying 15.4 per cent, the considerable majority of employees overwhelmingly, from the evidence, see no reason to put in anything extra themselves?

Mr Gibbs—I guess that is asking me to speculate on why people are or are not doing something, but the fact is that very few are doing it. I would not like to speculate on why.

Senator SHERRY—Let us put aside why. The facts are that under the PSS-CSS there is a compulsory element for employees. The contribution rate of 15.4 per cent is the equivalent of the old PSS DB. The amount of employee contribution in such a circumstance at this point in time is considerably less than would have occurred under the PSS structure. Is that a reasonable conclusion?

Mr Gibbs—That is true.

Mr Carrigy-Ryan—Except that the level is from two per cent to 10 per cent, so they could have been making a minimal contribution of two per cent.

Senator SHERRY—Regarding the previous discussion we have had, the admin cost is picked up by government departments at the present time?

Mr Carrigy-Ryan—Correct.

Senator SHERRY—What is the current administrative cost that would be otherwise charged against a member's account—the total management charge, if I can use that description?

Mr Carrigy-Ryan—The numbers for the CSS and PSS are of the order of 28.

Senator SHERRY—28 basis points?

Mr Carrigy-Ryan—Yes.

Senator SHERRY—That is the total management charge, including investment?

Mr Carrigy-Ryan—Yes.

Senator SHERRY—Have you done any calculations on what it would be in the accumulation?

Mr Carrigy-Ryan—Sorry, that is investment. The administration is on top of that.

Senator SHERRY—Do you have a calculation for admin? There would have to be an admin cost.

Mr Carrigy-Ryan—We have a dollar cost of 107 per member. Do you want that in basis points?

Senator SHERRY—Could you take that on notice.

Mr Carrigy-Ryan—Yes, we can.

Senator SHERRY—Is it the same for the DC? The investment management charge is 0.28. Is that the average for the DC?

Mr Carrigy-Ryan—The scheme is a little bit higher. Because it is a new scheme, we are effectively working on figures that were provided by a consultant so that we can publicise those in advance before we know the actual costs. We can strike a unit price knowing that we have certain accruals that we make for tax, fees, admin and those sorts of things. They are all set out in the product disclosure statement.

Senator SHERRY—You have investment choice, don't you?

Mr Carrigy-Ryan—Yes. Within the accumulation scheme?

Senator SHERRY—Yes.

Mr Carrigy-Ryan—Yes.

Senator SHERRY—They presumably are a higher cost?

Mr Carrigy-Ryan—Yes, slightly.

Senator SHERRY—Is there also an added cost, as Mr Gibbs referred to earlier, to transfers in? That would not be a cost—although there would be an admin cost and a processing cost—that you would have in respect to the DB, would it? What I am getting at is: would you expect a slightly higher admin cost in a DC than a DB, or is a DB more complex and therefore with additional administrative costs elsewhere?

Mr Carrigy-Ryan—I think the latter is probably more correct.

Senator SHERRY—Can you take on notice what the effective admin cost is that is not charged to the member of the DC?

Mr Carrigy-Ryan—Yes.

Senator SHERRY—What is the cost of the death and disability insurance?

Mr Carrigy-Ryan—It is publicly disclosed in the product disclosure statement. I will take it on notice and get it to you.

Senator SHERRY—If it is in the PDS I will look that up myself. Have you had any contact or communication with the UK government—or with anyone in their treasury that works in the pensions department, I think it is—about the proposals that have been announced in the UK in respect to pension policy?

Mr Carrigy-Ryan—I have read the proposal briefly but, to my knowledge, we have not had any communication from any official in the UK.

Senator SHERRY—What about from the policy end of the table? Has there been any contact from the United Kingdom?

Ms Doran—No.

Senator SHERRY—I have no more questions on that area.

Senator CHRIS EVANS—I have some questions on the Aboriginal and Torres Strait Islander Land Fund and the audit functions related to Indigenous programs. What is the department's role in the evaluation and audit of Indigenous programs under the new structures? I just want to be clear what part Finance plays in terms of those audits given OIPC's role and the changed arrangements.

Ms Campbell—The Office of Evaluation and Audit is a division with a director who is appointed by the minister. It sits within the Financial Management Group in the Department of Finance and Administration. The director has independent powers under the act.

Senator CHRIS EVANS—Do they audit particular programs each year, or do they choose what they audit?

Ms Campbell—They develop an audit program with reference to the minister responsible—the Minister for Finance and Administration—as well as the minister responsible for Indigenous affairs. They can also be asked to audit or evaluate specific programs by the minister for finance or the minister responsible for Indigenous affairs.

Senator CHRIS EVANS—Is the annual audit program available?

Ms Campbell—I am just checking with the relevant officer. Unfortunately the acting director is ill and not available today.

Senator Minchin—It is getting around.

Senator CHRIS EVANS—They are going down like tenpins!

Senator Minchin—Hopeless, isn't it!

Senator CHRIS EVANS—Why is it that the person has either moved, got ill or died, Senator Minchin? It only seems to be a problem under the departments that you are representing.

Senator Minchin—It was a PM&C officer yesterday who went down.

Senator CHRIS EVANS—It is a terrible thing striking the Public Service at the moment.

Ms Campbell—I am advised that the work program is available on the website.

Senator CHRIS EVANS—This allows the director to audit programs in any department?

Ms Campbell—Programs that are servicing Indigenous people in the Commonwealth departments.

Senator CHRIS EVANS—So with mainstreaming that means DEWR, Transport, whoever?

Ms Campbell—The OEA targets those programs specifically for Indigenous people.

Senator CHRIS EVANS—Yes but, given the mainstreaming, each department has Indigenous programs now.

Ms Campbell—And we audit a number of programs throughout a number of departments.

Senator CHRIS EVANS—But the audit function is limited to Commonwealth departments?

Ms Campbell—Or agencies funded by Commonwealth money, so grant programs—

Senator CHRIS EVANS—That is a much broader description. Agencies funded by Commonwealth would include a lot of Indigenous organisations?

Ms Campbell—It does include a lot of Indigenous organisations.

Senator CHRIS EVANS—How does that fit in with the audit role of the person responsible for auditing Indigenous organisations under the Indigenous portfolio—I cannot remember their title. There is currently legislation before the parliament to change their powers.

Mr Batho—The office used to be in the Aboriginal and Torres Strait Islander Commission. It is headed by a director, called the Director of Evaluation and Audit, and that office has transferred to the Department of Finance and Administration.

Ms Campbell—I did not believe there was another agency, Senator.

Senator CHRIS EVANS—There is an auditor of Indigenous organisations.

Mr Batho—Are you referring perhaps to the Registrar of Aboriginal Corporations?

Senator CHRIS EVANS—Thank you very much.

Mr Batho—The registrar is restricted to those corporations incorporated under the Aboriginal Councils and Associations Act, so he or she is limited to those particular organisations.

Senator CHRIS EVANS—It is currently a she.

Mr Batho—It is.

Senator CHRIS EVANS—She will be annoyed that I could not remember her title. But the registrar has, as you say, a capacity to and a requirement to examine those organisations. Is there a demarcation line with the director, or can they cross over?

Mr Batho—There is no demarcation line as such. We can audit all organisations that receive Commonwealth funding, the relevant programs—relevant programs being defined as those programs for the advancement of Indigenous people.

Senator CHRIS EVANS—Is the director's role limited to that category?

Mr Batho—It is limited to that category by the ATSI Act.

Senator CHRIS EVANS—It is purely an audit function for matters relating to Indigenous affairs?

Mr Batho—You could roughly describe as that, but relevant programs.

Senator CHRIS EVANS—I am trying to ascertain whether the director has responsibilities for other areas of public expenditure, like expenditure on children or whatever.

Ms Campbell—No, only as it relates to Indigenous programs.

Senator CHRIS EVANS—I know this is a policy question in a sense but why was it taken from ATSI into Finance rather than into what is now Families, Community Services and Indigenous Affairs?

Dr Watt—That was a decision taken by the government, as part of the AAO changes that came with the restructuring of ATSI. The logic, as I remember, is that there is something to be said for not having the body that does the auditing in the body where the prime audits are done. The second point is that Finance is supposed to be reasonably strong on program evaluation and that, given OEA's charter was both audit and evaluation, there would be synergies by having them in Finance rather than having them in another department.

Senator CHRIS EVANS—So rumours that it was just a power grab by Finance are totally out of order then?

Senator Minchin—Totally wrong.

Dr Watt—I think it is true to say that we were happy to have OEA come into the department but if you are asking us whether there is enough to do without giving any additional functions, I think the answer is well and truly yes.

Senator CHRIS EVANS—When I used to be in the defence area, Finance seemed to be getting more and more involved in defence. Now it is getting more involved in Indigenous affairs and it runs social policy through human services—

Senator Minchin—The government is recognising the talent there.

Senator CHRIS EVANS—Yes. Is there anything that you do not run now, Senator Minchin?

Senator Minchin—When you have got quality people like we have, our services are called upon.

Senator CHRIS EVANS—At the risk of asking a question that might impinge on the Cole commission's inquiries, is there any other similar function held within Finance for other program groups?

Dr Watt—Not the same function, Senator. But, for example, each year the government decides to review certain of its ongoing programs as part of the expenditure review process. This is the evaluation side and Finance is always involved. It is usually involved in any major evaluation. So we do have a fair amount of evaluation experience. Indeed, it is something that Finance has had a long history in. You can go back to the 1980s in terms of program evaluation. The nature of the evaluation has changed. The role between central agency and

portfolio agency has changed. We now do them, for example, to a standard set of terms of reference and they are often done, importantly, by the agency rather than by Finance or an outsider. But in a sense, if evaluations are regularly done and assessed inside government on government programs, they are done by Finance. If you are looking for—

Senator CHRIS EVANS—There is not a parallel office though?

Dr Watt—No, there is not a parallel office. If you are looking for a parallel function in terms of OEA's audit activities, of course you have the Audit Office, which would not be an appropriate place for it to be.

Senator CHRIS EVANS—So theoretically, those Indigenous organisations and/or the programs run by departments could also be audited by the ANAO?

Dr Watt—Yes, and not just theoretically but in practice. It does audit them as part of its normal audit program. Now if that were to occur I am sure that there would be very good liaison between OEA and ANAO.

Senator CHRIS EVANS—It just seems on the face of it that there are three organisations that get responsibility for auditing Indigenous organisations.

Dr Watt—The ANAO is, after all, responsible to parliament. OEA is responsible to the executive. They are quite different organisations.

Senator CHRIS EVANS—I know. We get much better value out of ANAO—I am quite aware of that, Dr Watt. There is much more transparency. I have some questions about the Indigenous Land Fund. I know that this is largely administered by the relevant department, which is now FaCS as of a few days ago. I want to ask about Finance's role in those matters. I am a bit hampered by the fact that the Indigenous Land Corporation's annual report for 2004-05 has not been made available to the parliament. I understand that it was launched with the minister some time ago but has not been tabled. As a result I do not have the figures for 2004-05 which would assist me in this discussion, so forgive me if I am a bit in the dark. I am trying to understand Finance's role in this. I also want to understand what funds are being made available to the ILC both in 2004-05 and 2005-06. I have had difficulty finding that and it may be because I am not looking in the right place. Could someone help me with that?

Dr Watt—I think that we could help you. Finance has two occasional roles. One is what we might call a 'shared commercial oversight' role and the other is the standard budget role. I think that Mr Yarra can enlighten you on the commercial oversight role and I think that Mr Saunders can talk about the budget role.

Mr Yarra—We have what is called shared oversight, but it is not a formal relationship that we might have with other government business enterprises and other bodies. It is a shared oversight that is sort of evolving. We were given shared oversight some time ago and we have been negotiating with the agency to have statutory oversight, for want of a better word—to have a role with them; to share with them information; to bring to bear our capacity to understand business plans, corporate plans and that sort of thing; and to then improve the overall oversight of those entities in a commercial sense. But that is evolving and we have not really gone a long way down that track yet. We do not know much about ILC, for example, and we have yet to go to talk to the board because we have yet to agree with the department

our protocols. Once we have protocols agreed, we can then go and talk to the board jointly, develop the understanding with the board and then set in train an annual dialogue.

Senator CHRIS EVANS—What is different? Why are you developing that as compared with when it was administered by ATSIC? I am just trying to understand what has changed.

Mr Yarra—The unit in Finance deals with CAC bodies. Many of them are Corporations Law bodies, but the CAC Act imposes on bodies the additional requirements of quarterly reporting, corporate planning and statements of corporate intent. We have a regime of oversight which may not have been followed in the past or would be beneficial. It would illuminate the operations of the ILC more than in the past. But they may not have invoked that sort of commercial regime.

Senator CHRIS EVANS—Was that driven by some sort of audit report that highlighted problems?

Mr Yarra—No, that was really a decision from within government. In fact, we picked up three—Aboriginal Hostels Ltd, the Indigenous Land Corporation and Indigenous Business Australia—for the same reason, which is to perhaps bring to bear a different level of oversight in the commercial sense.

Senator CHRIS EVANS—Are they now all administered by FaCS and Indigenous Affairs?

Mr Yarra—No, FaCS is AHL and ILC. DEWR is Indigenous Business Australia.

Senator CHRIS EVANS—Mr Saunders, do you have a perspective from your half of the bargain?

Mr Saunders—The Indigenous Land Corporation funding comes from the Aboriginal and Torres Strait Islander Land Fund, which was established about 10 years ago by legislation. For the first 10 years of that fund's life the parliament arranged for an amount to be appropriated each year into the fund. By a formula, the Indigenous Land Corporation obtained funds from that fund. Now that the 10-year period of putting money into the fund has ceased—

Senator CHRIS EVANS—The last year was 2003-04?

Mr Saunders—yes, that was the last year—the arrangement has changed, as was always envisaged. Now the Indigenous Land Corporation obtains an amount related to the realised real rate of return of the investments in the fund.

Senator CHRIS EVANS—Yes, I have been reading about that. I am not sure that I want to ask you to explain that. I read the definition and I have to admit you have got me—I do not understand a word of it. So maybe you will not take me through that chapter and verse. But which year was the first time that formula was used?

Mr Saunders—I think the first year was 2004-05. I think the amount that was transferred was something in the order of \$60 million or \$70 million in that year.

Senator CHRIS EVANS—Can you give me that figure?

Mr Saunders—Yes. In fact, I can probably more easily give you this year's figure, because it is in the portfolio additional estimates of the Families, Community Services and Indigenous Affairs portfolio.

Senator CHRIS EVANS—So it is not my fault that I could not find it in Finance?

Mr Saunders—No.

Senator CHRIS EVANS—I just like to know whether it is my failing or it is just not there.

Mr Saunders—It was \$63 million in a 2004-05 and the estimate for this year is \$75.7 million.

Senator CHRIS EVANS—So you say that it is actually going to go up this year?

Mr Saunders—That is what you might expect given that there is a growth in the fund.

Senator CHRIS EVANS—But is there a growth in the fund? There is an interest growth, but there is no longer an investment. There is no longer the \$100 million—

Mr Saunders—It depends on the timing of the final payment that was made to the fund in the 2003-04 year. That would have affected the earnings. I cannot tell you when that payment was made.

Senator CHRIS EVANS—Can you take on notice for me when that payment was made? I understand the original estimate on the target figure for the fund was \$1.4 billion. Is that right?

Mr Saunders—That happens to be the current balance of the fund—\$1.4 billion.

Senator CHRIS EVANS—Was that the target, though, as well?

Mr Saunders—There was a target but, I am sorry, I cannot tell you what it was.

Senator CHRIS EVANS—But if it was \$1.4 billion, the value of the fund is now \$1.43 billion or \$1.46 billion. That was in 2003-04.

Mr Saunders—I think it was \$1.41 billion at the end of 2004-05, but I cannot confirm that right now.

Dr Watt—Remember, Senator, we are not the responsible department. We are just pitch hitters here.

Senator CHRIS EVANS—But you give them the money.

Mr Saunders—The land fund gives them the money.

Senator CHRIS EVANS—Yes, but you give the money to them.

Dr Watt—We know something about their finances. We will agree on that.

Senator CHRIS EVANS—That is why I started with you. If I had got to FaCS they would have said, 'You should ask Finance that,' and they are later in the week. I have been around too long in opposition, I am afraid, to fall for that one. As I said, I do not want to understand the realised real return formula, but what was used before you adopted the realised real return formula?

Mr Saunders—There was a formula. I cannot recall the details of it. It was specified in the legislation.

Senator Minchin—I remember very clearly the establishment of this fund as the \$1 billion fund, by your government, on the basis of \$100 million a year for 10 years. That was very clear from the outset. My recollection is that there was not a target figure set for what it might grow to but simply an acknowledgment that the earnings would enlarge it. It was the \$1 billion fund based on 10 times \$100 million.

Senator CHRIS EVANS—I do not think that is quite right somehow. My understanding is the same as yours, but I think there was an expected mark that it would reach over that period which was designed as sufficient to allow it to make an annual payment but be self-sustaining in general terms. That is my understanding. I am not arguing about that; I am just trying to understand what is happening now. It seems to have been quite successful. It has reached the target. I presume, Mr Saunders, that that is considered to be a self-sustaining amount now?

Mr Saunders—Yes. That is the idea of the real realised rate of return, being the driver of what gets paid out every year to the ILC.

Senator CHRIS EVANS—So the objective of the realised real return is what, simply stated?

Mr Saunders—I assume that the parliament's objective was to maintain the fund in real terms.

Senator CHRIS EVANS—When was the realised real return first adopted?

Mr Saunders—I understand that that was in the original legislation, from about 1994, under the previous government. The terms were the result of negotiations in the Senate at the time.

Senator CHRIS EVANS—Sorry, I thought you told me that the method of calculation had changed.

Mr Saunders—But it was previewed at the time that the legislation was established.

Senator CHRIS EVANS—I may be a bit dull here but I am not following this.

Mr Saunders—I think the plan was set in place 10 years ago.

Senator CHRIS EVANS—So you are telling me that the method of calculating the realised real return has not changed? How have you calculated over the last 10 years how much you pay the ILC, and has that now changed?

Mr Saunders—I do not have the information with me about the formula that applied during the 10 years, but it was a different formula to the net realised real rate of return.

Senator CHRIS EVANS—When did you change the formula to this net realised real rate of return?

Mr Saunders—When the 10 years had elapsed. It was not Finance that changed it; it was the legislation that—

Dr Watt—Applied a different formula.

Senator CHRIS EVANS—And that was the original legislation, not the recent legislation driven by the ATASIC changes?

Mr Saunders—Yes.

Senator CHRIS EVANS—So the first year it would have been applied was 2005-06.

Mr Saunders—It was 2004-05.

Senator CHRIS EVANS—Can you briefly tell me what the problem was with the ANAO's finding that the government had been overfunding the land fund?

Mr Saunders—Briefly, there was a calculation which required the use of indices and the wrong indices were used.

Senator CHRIS EVANS—Who made those calculations?

Mr Saunders—ATASIC.

Senator CHRIS EVANS—Who was responsible for monitoring their calculations? I am not trying to apportion blame; I am just trying to understand the system.

Mr Saunders—I suppose you could say the same answer as for any program: the relevant portfolio is responsible for the administration of a program, and the Audit Office.

Senator CHRIS EVANS—So ATASIC would calculate what they thought you should pay to the land fund, and it was paid by—

Mr Saunders—It was paid from the land fund. The error was quite technical, in that they used the right indices but the wrong version of those indices. The calculations were based on projections rather than the published indices.

Senator CHRIS EVANS—So that was about \$14 million out, I gather.

Mr Saunders—I believe so, yes.

Senator CHRIS EVANS—How is the money paid to the land fund now? You say they are going to get \$75 million in 2005-06. How is that made available to the land fund—through the new Department of Families, Community Services and Indigenous Affairs or directly from Finance?

Mr Saunders—I might have to have some help from my friends from the financial management group on this, but I think the responsibility for it is through the department, which was previously DIMA and is now FaCS. I might be corrected on that.

Senator CHRIS EVANS—It would be part of their normal appropriations?

Mr Saunders—No, there is a special appropriation so that there is no annual appropriation needed. The authority for this is all in the act.

Dr Watt—But it is now in the FaCS portfolio. I think that is what Mr Saunders is saying.

Senator CHRIS EVANS—But each year the funds are made available to FaCS to pass on to the ILC, is that right?

Mr Saunders—The funds are there, in the land fund, and it is a question of the legal authority to draw the funds down. The law specifies that it is drawn down on a formula, which is based on the net realised real rate of return.

Senator CHRIS EVANS—Who calculates that now?

Mr Saunders—The department.

Senator CHRIS EVANS—FaCS and Indigenous Affairs?

Mr Saunders—Yes.

Senator CHRIS EVANS—I am never sure whether the department is Finance or the department is—

Dr Watt—I think the department in this case has been FaCS all the way through.

Senator CHRIS EVANS—And do you have any role in the oversight of that, given the ANAO's finding?

Mr Saunders—No more or less role than we have in any other program when looking at estimates and seeking to get enough information to verify that they represent a reasonable estimate for the program.

Senator CHRIS EVANS—So is it fair to say that Finance has no direct role in calculating or making the funds available to the ILC?

Mr Saunders—Yes.

Senator CHRIS EVANS—Thanks for that.

Senator SHERRY—I have a few questions with respect to 2.1.1.

Dr Watt—Just before we start, Mr Gibbs has a clarification in relation to your comments about bonuses that I think he should make.

Senator SHERRY—Thank you.

Mr Gibbs—My apologies, as I was a little late coming from Melbourne because the plane was late and I did not quite realise the nature of your questioning of my colleague about that particular bonus. The boards had a remuneration policy that reviewed the performance of the senior executives on the anniversary of their appointment. During that particular financial year, the boards changed their policy so that they review the performance of the three senior executives at the same time. This involved, for one individual—and it was not me—a performance review twice in the one financial year and the payment of a bonus twice within the one financial year. The board's policy is to review performance and potentially pay a bonus in a range of zero per cent to a certain percentage of salary. That maximum, in any ordinary year, would result in a bonus—even if a maximum was paid, and it has never been paid—of nowhere near \$100,000. So it is a one-off, peculiar event for one individual in that financial year.

Senator SHERRY—So that I understand that, with respect to the \$103,000, effectively it was a payment for two years?

Mr Gibbs—No, it was two bonuses in one year.

Senator SHERRY—But two bonuses for separate years?

Mr Gibbs—No, there was one bonus for one year and one bonus for six months. From then on, the 12 months applies.

Senator SHERRY—It is unfortunate that that is not clarified in the note. It makes a significant difference to what I think would be a reasonable assumption about \$103,000.

Mr Gibbs—Yes, I know, and in hindsight it would have been better if we had included some explanation of that rather than just given you the numbers.

Senator SHERRY—Thanks.

[2.55 pm]

Senator SHERRY—I have a few questions on asset sales. On the proposed Telstra sale, I understand that at the moment 11 banks have been appointed to the institutional selling services panel for the Telstra sale. Is that correct?

Mr Lewis—That is correct.

Senator SHERRY—That is on top of the November 2005 appointment of ABN AMRO, Rothschild, Goldman Sachs JBWere and UBS Australia as project management joint global coordinators.

Dr Watt—That is correct.

Senator SHERRY—And there is the Caliburn Partnership appointed as acting business adviser to the government.

Dr Watt—Business adviser, correct.

Senator SHERRY—Do we have any, again approximate, costs to date paid to these various institutions?

Mr Heazlett—There are no payments made to any of the 11 banks. All they have been appointed to is a panel from which selling syndicate roles will be selected, so their appointment involves no payment.

Mr Lewis—May be selected, rather than ‘will be’ selected.

Mr Heazlett—The PMJGCs—project management joint global coordinators—were appointed in early December, from recollection. The payments are progressive through the life of the contract. To the best of my recollection, no actual payments have been processed as at this time.

Senator SHERRY—And Caliburn?

Mr Heazlett—Caliburn are being paid progressively from the start of their appointment. There are two parts of their appointment which were the scoping study and then the reappointment for the sale role. They are being paid progressively in terms of the sale role from August. In rough order of magnitude, you may be looking at some payments in the order of close to \$2 million to Caliburn at this time.

Senator SHERRY—For Caliburn to date?

Mr Heazlett—Yes, approximately—probably just under.

Senator SHERRY—Within the program itself, approximately how many people are working on the sale of Telstra?

Mr Lewis—When you say ‘within the program’, Senator, you are talking about within the Finance team, within the department of finance—in the task force?

Senator SHERRY—Yes.

Mr Heazlett—I think it is 22 at the moment.

Mr Lewis—It would be in the low 20s—about 21 or 22. It would not be more than that.

Senator SHERRY—Would you take this on notice: the levels of these people, their responsibilities and what their tasks are?

Mr Lewis—I can certainly help you with the levels right now and I can certainly help you with a broad breakdown of the structure of team right now, if that would be useful to you.

Senator SHERRY—Yes, if you can do it now. I just thought it might take some time.

Mr Lewis—At the less senior levels we have a reasonably fluid workflow arrangement anyway, particularly given the nature of a public offer where the work is changing throughout the process. Broadly speaking, I have three branch heads. I have Mark Heazlett here, who is responsible for offer structure and institutional marketing. I have a second branch head who is responsible for retail marketing and logistics and I have a third branch head who is responsible for regulatory impact assessment and due diligence matters, including company due diligence. That is the broad way in which we have split the allocations. Over time we may want to change that, reflecting whatever the workload is within the team at any point in time.

Senator SHERRY—Is there a specific budget allocation for this work?

Mr Lewis—For Telstra 3?

Senator SHERRY—Yes.

Mr Lewis—Yes, it is in the budget papers.

Senator SHERRY—Where is it at the present time in terms of accrued cost, approximately?

Mr Lewis—It is very early days, Senator. The accrued cost would be relatively low at this stage. We have brought forward in the budget \$27 million, as you would have seen at MYEFO, but the bulk of the funds sits in the next financial year, as you would expect. If the government decides to proceed with Telstra 3, then most of the cost will accrue in the month or two preceding the public offer and payments will be made immediately after.

Senator SHERRY—Just going to Medibank Private, when is it projected that the scoping study on Medibank Private will be completed?

Mr Yarra—That scoping study has been completed and is with government for consideration. That was an extension to the other scoping study rather than a new scoping study.

Senator SHERRY—When did it go to government?

Mr Yarra—Around Christmas time.

Senator Minchin—I think that I put out a press release announcing its receipt at the time it was received and it is under consideration.

Senator SHERRY—And the approximate number of people working on this?

Mr Yarra—In the department?

Senator SHERRY—Yes.

Mr Yarra—I would say 2½.

Senator SHERRY—Has there been any consideration of competition issues and the implications of a sale?

Mr Yarra—They will be an inevitable part of an examination of course and they would be the subject of advice to government.

Senator SHERRY—Would it require the ACCC signing off on the authority?

Mr Yarra—It depends on the nature of the sale and who the parties are. There are some conceivable scenarios where of course the ACCC might be asked to offer a view.

Dr Watt—But there are many conceivable scenarios where they would not need to offer a view

Senator SHERRY—It depends crucially on who buys it. It has got 29 per cent of the Australian market—36 per cent in Queensland and about the same in Tasmania—so it is a big player by anyone's description. What are the options for sale that are being considered—public float placement?

Mr Yarra—These studies consider all options, so all options have been scrutinised.

Senator SHERRY—How do you assess the value?

Mr Yarra—There are a variety of techniques used in the investment banking community to assess value and we usually take a suite of those and see how they line up. It is well trodden ground in our experience.

Senator SHERRY—At the end of the day it is the minister's responsibility to set the value based on advice?

Mr Yarra—I do not think that the value is set. Most sale processes involve a market determining a value.

Senator SHERRY—The minister has announced the government's intention to sell its 13 per cent stake—it was announced in question time actually—in the Snowy scheme. What work is being done on that at the present time?

Mr Yarra—The status is that the three governments have now announced their intentions, the latest being Victoria. The work that is being done at the moment is to now look at the ways in which the officials might get together to mobilise the three shareholders in a sale process that is being led by New South Wales with a deadline that has been set by New South Wales. So the early work will be to see how the officials of the three governments can now work together.

Senator SHERRY—So it may be that New South Wales becomes effectively the lead agency in terms of the sale?

Mr Yarra—I think that is most likely the case. It has been the case for us in the past where we have led the sale with a jointly-owned asset and you need to have somebody take the lead.

Senator SHERRY—I do not know whether the minister got my interjection when he made his statement—

Senator Minchin—Yes, I listen to all your interjections. You asked me: ‘What are you going to do with the proceeds?’

Senator SHERRY—Yes, and just to refine that question even more: consistent with your announcement in respect of Telstra, is it reasonable to assume it will end up in the Future Fund?

Senator Minchin—Certainly the government has not made any decision on any proceeds it may receive from the sale of Snowy. But at the time of the confirmation of the establishment of the Future Fund we indicated that the sources of funds would be budget surpluses and proceeds of asset sales, so the government will go through an iteration each time there is an asset sale and determine where it should go. I personally think the Future Fund is a good place to put the proceeds of asset sales once debt is repaid. We have been repaying debt with the proceeds of asset sales. It is one of the reasons we are now about to be debt free. Once we have no net debt then I think an obvious destination for proceeds of asset sales like the Snowy would be the Future Fund, but that is not a decision that has yet been made.

Senator SHERRY—Ditto Medibank Private?

Senator Minchin—As I say, we indicated as a general policy disposition that proceeds of asset sales would be a source of funding for the Future Fund in order that it can reach its target to meet the Australian people’s remaining obligations for unfunded superannuation. If it is to meet the \$90-odd billion, or \$140 billion projected, then clearly asset sales would assist greatly in that cause, but we will make the decision as to the direction of asset sales on a case-by-case basis. I am happy to flag that my general disposition would be in favour—because they are assets I have always thought they should go to an equivalent asset. I do not want to get into a political polemic, but other governments have used asset sales for recurrent expenditure, which I think is disastrous. We will never do that. They should be invested in assets—and the Future Fund, being an asset manager, seems a very logical place to put the proceeds of an asset sale.

Senator SHERRY—I do not have anything further, Chair.

CHAIR—That is it for output 1 and output 2. We will move to output 3, which is MAPS, after the break.

Proceedings suspended from 3.08 pm to 3.28 pm

CHAIR—I welcome Senator Colbeck, who is representing the minister. We are up to output group 3, Ministerial and parliamentary services.

Senator FAULKNER—I have just informally suggested to the parliamentary secretary and witnesses at the table that we might commence the hearing with the tabling of the three standard documents that are provided to the committee. Ms Mason or Dr Watt may care to identify them for the record and senators could peruse them and ask questions of them. Chair,

as you would be aware, this process has saved a fair bit of time over recent hearings. As I have said previously to Dr Watt and officials, we appreciate them preparing the material in advance of questions and providing it to the committee, so we might start with that.

CHAIR—It is available now.

Senator FAULKNER—Informally, I have checked that out.

CHAIR—The information is available and I think it is reasonable that we proceed with that.

Senator FAULKNER—Ms Mason, if you do not mind, it might be useful for the record if you identified the documents for the transcript.

Ms Mason—Certainly. We have three tables: the first shows personal employees as at 1 February 2006; the second shows the establishment variances from 1 October 2005 to 1 February 2006; and the third shows personal classifications, including the variances since 1 October 2005.

Senator FAULKNER—Thanks for that. If those could be provided, we will ask some questions on them when we have them in our hands. While they are coming, I was concerned to read in the Senate clippings from Sunday's *Canberra Times*—and I want to preface my remarks by saying I am not going to go to individuals at all in this; I do not know what it refers to—about staffers accused of taxi roting. As I say, I am not going to go into any detail about this, but no doubt you would have seen that particular clip yourself. In fact, a spokesman for the then minister, Senator Abetz, commented on it. My only question goes to process, as to whether as a result of those allegations made by Canberra taxi drivers there had been any further action taken by the department, or whether it was the view of the department that any further action was required.

Ms Mason—We are aware of the media coverage that you refer to. No additional action over and above the checks that we normally undertake has been taken in relation to that particular media coverage. There were no specific allegations in relation to individuals. We have a regular checking program of cabcharge transactions—as you know, the monthly management reports include information about cabcharge use by staff. Staff travel at the direction of their employing senator or member and our checking processes thus far have revealed no evidence of fraudulent use. From time to time there are some voluntary repayments made for inadvertent use outside entitlements. So there has been no additional action.

Senator FAULKNER—I prefaced my question by saying I was not going to go to individuals either, and I do not even know whether any individuals' names have been used. There is a media story, sure; we have all had an opportunity to read that. My interest is whether you had received any complaints from representatives of the drivers concerned—the TWU, Taxi Drivers Council or the like. I wondered whether there had actually been any complaints received in a formal way by the department, or whether the only thing you were aware of was the actual media reportage.

Ms Mason—The only thing that I am aware of is the actual media report.

Senator FAULKNER—So that was the first time it had actually come to your attention?

Ms Mason—Indeed.

Senator FAULKNER—Thanks for that. You are saying to us that at this stage the department is satisfied that the checking mechanisms are adequate and no further action will be taken? That is what I understand the import of your evidence to be, so please be clear on that.

Ms Mason—There is an established process for looking into allegations and if we received specific allegations we would do that, but at this stage our checking processes are under way. They have been under way for some time and they have not identified any fraudulent use of taxis. So, no, there is no further action being taken at this time.

Senator FAULKNER—So this one is in the basket of, if you like, a general allegation of roting but no names, no pack drill, effectively. So there is nothing that the department can take any further.

Ms Mason—Correct.

Senator ROBERT RAY—I am referring to the document showing government personnel employees as at 1 February—the document that is set out laterally. Looking at page 3, I just want to remind myself of something. It goes to opposition personnel employees, which is set at the end of March each year, is that right? The ratio is recalibrated at the end of March, isn't it?

Ms Mason—The ratio is 21 per cent and the calculation is done in March each year.

Senator FAULKNER—What is the precise date in March?

Ms Mason—Mr Miles can assist you with that. I think it is 1 March.

Mr Miles—The review, which takes place in March each year, was based on the staffing figure as at 1 March.

Senator FAULKNER—Thank you.

Senator ROBERT RAY—The figure that you currently have for 1 February is 86, but one of them is traditionally excluded in the calculation.

Mr Miles—That is correct.

Senator ROBERT RAY—So that pertains still?

Mr Miles—That is right. So it is 85 plus the one that is provided to the former leader.

Senator ROBERT RAY—Am I right in saying that the number of staff members in the last year, since that figure was last done for the government, has gone up by 25? Am I wrong?

Mr Miles—It is 24.6.

Senator ROBERT RAY—On that basis, if all things were equal—that is, no alteration—you would presume the opposition staff would go up by a further five. They are on 90.3, according to my information.

Mr Miles—That is correct.

Senator ROBERT RAY—Is it a decision of the minister or the Prime Minister to increase the five, and at which level, or is it a matter of discussion between the relevant shadow

ministers or senior staffers? I am not quite sure. The five is set, but you might like to explain the level at which they are set.

Mr Miles—Certainly. Once the variation is determined, a review is done against the profile of the opposition's staffing as it was in 1996. So there is an attempt to maintain the profile as closely as possible to the way it was then.

Senator FAULKNER—This is where we are not comparing apples with apples and oranges with oranges. I have raised this at the last couple of estimates rounds. A better comparison, of course, would be against the staffing establishment that the government had at the time, and the government has a very top-heavy staffing establishment. I have said to the minister in the last couple of estimates rounds—I think you would be aware of this, Ms Mason—that I consider this to be a massive anomaly that has been built into the system. There was some suggestion—I have received one answer at least—that it would be examined. Ms Mason, could you let us know if there been any examination of that at all?

Ms Mason—We are aware, of course, that you raised it at the last estimates hearing and there has been no change to the agreed formula.

Senator FAULKNER—I can see from the document that there is no change. My question was broader at this point—just following on from a question that Senator Ray asked—about whether there has been any examination. I would hope that change might follow examination, but has there been an examination of this issue, which is a serious and growing disparity? They have not been tasked to report on it.

Ms Mason—There has been some examination of the method of setting levels and no change has resulted.

Senator FAULKNER—Who initiated the examination of the setting of levels?

Ms Mason—That was initiated by the department.

Senator FAULKNER—Did that in any sense arise out of questioning at this Senate estimates committee? As I said, it is an issue that has been raised here.

Ms Mason—No, it did not. It predated that.

Senator FAULKNER—So can you explain to the committee why that was initiated within the department?

Ms Mason—From time to time, we review the way we do things, examine alternatives, perhaps make suggestions and consider pros and cons, because there is more than one way of looking at things. That is just part of our regular process of review.

Senator FAULKNER—Did that examination result in a brief to the minister?

Ms Mason—I think you are aware that we do not normally give details of briefing that we supply to our portfolio ministers.

Senator FAULKNER—I am aware of that; I did not ask you that. As Dr Watt would appreciate, he knows how careful we are on the committee. I am just asking process questions. I am not asking you about the content of the brief. I am asking whether the examination ended up with a brief being sent to the minister. That is a straightforward process question. If I went on to ask what was contained in the brief—

CHAIR—We could not allow that.

Senator FAULKNER—I would be happy if Ms Mason wanted to answer that, but I have asked a process question; I have not asked for the content.

Ms Mason—Without going into details of what was contained in the briefing, the answer to your question is, yes, we did provide briefing.

Senator FAULKNER—Is action on that brief still pending? In other words, is it still a live issue? Perhaps the parliamentary secretary might care to answer that.

Senator Colbeck—Essentially, my understanding is that it was an advice brief, not necessarily an action brief.

Senator FAULKNER—I see. When was that forwarded to the minister, Ms Mason?

Ms Mason—I do not have the precise date, but it was in November 2002.

Senator FAULKNER—That long ago?

Ms Mason—Yes.

Senator FAULKNER—There has not been a departmental initiated assessment of this disparity since late 2002?

Ms Mason—Nothing has changed.

Senator FAULKNER—I know it has not changed. In one sense the disparity is worse, but it is still a disparity.

Ms Mason—No further review has been undertaken since that time.

Senator FAULKNER—Why was it initiated then? Are you not able to say that to me?

Ms Mason—I think I said earlier that, as part of our regular process, we look from time to time at the way we do business within MAPS. I think I commented on that in previous estimates hearings. We provide options. We examine the pros and cons of different ways of doing things. Sometimes things change as a result of that consideration; sometimes they do not. This is one occasion where no change took place.

Senator FAULKNER—If you want one person's opinion—and you probably do not—it is long overdue for another MAPS initiated assessment and brief to the minister.

Senator ROBERT RAY—I want to go to a couple of matters. Senator Colbeck, I notice that the situation still appertains to the fact that, in relation to staffing numbers, eight staff are allocated to the government whip's office and two to the opposition whip's office. We have been through this before. We are not saying that is inequitable. But do you think it is right, therefore, for your former Manager of Government Business to slag off our whip's office over performance when, staffing-wise, the ratio is four to one?

Senator Colbeck—Each of us would have an opinion on that. If you are not happy with it, obviously you are not happy with it. It is not necessarily something that I need to give an opinion on here, I do not think.

Senator ROBERT RAY—I have suggested that, for the functioning of the chambers, the figures should be taken out of both columns—out of the government column and out of the

opposition column—and allocated according to need in the parliament. People say, ‘It has ever been thus and why should you possibly object?’ Because I believe in a thing called progress. I believe you make progress on these issues, no matter who is in government. Let me take you to some of the other figures, through you, Parliamentary Secretary, but the questions are more to the officials. When we come to the cabinet policy unit, that is now seven; it used to be five.

Mr Miles—The only figures that I have here show what has happened since the last time we tabled those figures.

Senator ROBERT RAY—I was not here the last time you tabled, but it is up from five. I am just trying to establish that. There is no corporate knowledge that it used to be five and it has now gone to seven? I am the corporate knowledge, am I?

Dr Watt—We would be happy to concede that there used to be fewer in number, whether it was five or more or less is—

Senator ROBERT RAY—What I was about to ask is: when did it change and why did it change? So we do not know?

Dr Watt—We are happy to take that on notice. We do not have the information here now.

Senator ROBERT RAY—Let us go to the government members secretariat. That used to be 10. On one occasion it may have been 11, but it is now 12. When did that change?

Ms Mason—Again, we would take that on notice and check on the date of the change.

Senator ROBERT RAY—Let us go to the absolutely staggering and extraordinary staff allocation on this list. The Leader of the National Party in the Senate—10 staff. When did this start? It used to be four or five, or three at one stage. How did it get up to 10? When did this occur?

Ms Mason—Again, we can check the timing for you. We do not have that information with us at the moment. As you know, the Prime Minister determines the staffing allocations and the Prime Minister has determined that to be the appropriate number.

Senator ROBERT RAY—I have to say that on previous occasions we have had to pursue extraordinary figures. It takes months to get results. We wondered where all the extra press secretaries went years ago, and suddenly they were dotted around Australia and we got the admission from Senator Parer of exactly what they did. But this is not a minister.

Senator FAULKNER—It is not even a parliamentary secretary.

Senator ROBERT RAY—It is 10 staff. It used to be three. You cannot tell me that this is just a bit of an alteration. This is massive. Are the 10 staff working here in Canberra? Are they dotted out in the field? Is this a subterfuge for a National Party organiser? We do not know and we want to find out. You come along here and say, ‘We’re not sure when the 10 was done.’ I find that difficult to comprehend.

Dr Watt—We do not have the information with us. We will see if we can get you some more information on this and the other issues before the end of the hearing.

Senator ROBERT RAY—Do you not keep the past records of allocation?

Dr Watt—There will be past records in the department. The normal questions that we prepare for are about what has happened compared with the previous estimates period. Mr Miles is prepared for those questions, but you have asked us a different set.

Senator ROBERT RAY—I find it extraordinary that someone in the department would not suddenly think: ‘All right, it’s gone from three to 10. Should we prepare an answer on that, because surely one of the Labor senators will ask us why Senator Boswell suddenly has 10 extra staff.’ That number, plus his three electorate staff, makes 13. How many do the Democrats have?

Ms Mason—If you turn to the table entitled ‘Establishment Variances Government 1 October 2005 to 1 February 2006’, there has been no variation to the allocation to the Leader of the Nationals in the Senate between those two estimates hearings. As Dr Watt said earlier, we normally receive questions on changes between hearings. We certainly do, as you suggest, track changes in staff allocations. We have staff establishment records—which we have given previous evidence about—which are updated as at the first of each month. Where we receive detailed questions on the exact date of changes, we can also check that, but we do not have the information to hand right now.

Senator ROBERT RAY—So I can confirm, however, that the Democrats get an extra five for their four members—is that right?

Senator MURRAY—And the Greens.

Senator ROBERT RAY—I am about to count up the Greens. I do not think they do.

Senator MURRAY—Yes, they do. They have five.

Ms Mason—We are actually better prepared than I had thought.

Senator ROBERT RAY—That does not surprise me. I am really pleased.

Ms Mason—On 12 July 2005, the allocation increased from three to 10.

Senator ROBERT RAY—Really? And why was that, Parliamentary Secretary? Why did it go up by 300 per cent?

Senator Colbeck—I cannot answer that question for you, Senator Ray.

Senator ROBERT RAY—No, you cannot.

Senator Colbeck—That is a decision of the Prime Minister.

Senator ROBERT RAY—I say this with respect, Parliamentary Secretary: it may have been a decision of the Prime Minister; but we are entitled to an explanation. I accept the fact that you do not have one but do not say, ‘It’s a decision of the Prime Minister.’ I smell an absolute rot here. You do not go from three to 10 for no good reason. It just does not happen. I have been sitting at this estimates table for the 10 years that this government has been in power and for many years before that. I had ministerial responsibility for this area. I have never known an increase of 300 per cent in staffing allocated to one individual unless there was a rot behind it. There has to be a reason.

CHAIR—There may not be a rot, Senator Ray—there may be a reason. We will have to wait and see.

Senator Colbeck—There is obviously a reason behind it, Senator Ray.

Senator ROBERT RAY—It could break new ground and not be a rort. I concede that. It would be the first time.

CHAIR—Let us wait and see.

Senator CARR—It is at the same time as Senator Boswell stood down as a parliamentary secretary. It does not follow—

CHAIR—Senator Carr, the question has been taken on notice.

Senator Colbeck—Senator Carr, I disagree with that. If the date has changed in the last 12 months—July 2005, you said—Senator Boswell has not been a parliamentary secretary for a period of time.

Senator FAULKNER—You are right, Senator Colbeck.

Senator Colbeck—So it would not be in that context. With respect to the question that Senator Ray has asked, my only option at this time is to take that on notice and see if we can get a response from the Prime Minister's office.

Senator FAULKNER—Ms Mason has been able to track down the date of the change to 12 July 2005. Senator Colbeck, can you confirm that that is 12 days after the government won control in its own right in the Senate? I want to be clear on that.

Senator ROBERT RAY—Do you mean that after the National Party got the balance of power they got a 300 per cent increase in staff? That is disgraceful, Senator Faulkner.

Senator Colbeck—At that time the National Party had a significant increase in the numbers they had in the Senate, with the return of two additional senators.

Senator CARR—Senators' staff; not the leaders'.

Senator Colbeck—I am just making the point, Senator Carr, that they received an increase in the number of senators they had in the house. With respect to the specifics of why they have received an increase in staff, as has been stated here several times, that is a decision for the Prime Minister to make. He would obviously have some justification behind that. Whether he is prepared to give that to the committee I do not know, but I can only take the question on notice.

Senator ROBERT RAY—If that were the explanation, explain this: the Greens doubled their numbers, the National Party's went up by 50 per cent; the Greens' staffing went up by two and The Nationals' by seven. Looking at the breakdown is even more interesting, particularly when you see the level at which these people have been allocated. We have five assistant advisers. I ask: are these five assistant advisers Canberra based? I would hate to think that they were out in the field working for the National Party, as surreptitious organisers.

Senator FAULKNER—Or even worse, Senator Ray, working for Senator Boswell's preselection.

Senator ROBERT RAY—It is hopeless.

Ms Mason—We will have to take on notice the location of those assistant advisers.

Senator FAULKNER—Can't someone get on the dog and bone and see if there is someone back in the department who might know?

Ms Mason—As is usual, people are monitoring the hearings. If they can provide an answer quickly an answer will appear here and I will provide it. It has not yet arrived. If it does before we finish I will certainly provide it to you.

Senator FAULKNER—If you can assure me they are monitoring the proceedings there is no need to ring them up.

Senator ROBERT RAY—Can we send them a quick cheerio while we are at it? I return to the increase, Mr Miles. I am only seeking information; I am not holding you responsible for the figures. You understand that. We had three; less than 12 months ago it went to 10. Can you tell me what the configuration was prior to the jump? When there were three, at what level were they? I would like to do a comparison with where the additions are.

Mr Miles—We will be able to get that information at the same time.

Senator ROBERT RAY—It is not available at the moment?

Mr Miles—Not from these figures here.

Senator ROBERT RAY—The last time you tabled these figures would have been when?

Mr Miles—At the estimates on 2 November. That is when we tabled the figures as of 1 October.

Senator ROBERT RAY—I was pretending to be an international statesman at the time so I was not here. Can you tell me the salary range of a senior adviser like the one Senator Boswell has?

Ms Clarke—I cannot give specific salaries but I can tell you that the salary range for a senior adviser for a non-cabinet minister ranges from \$80,500 up to \$109,600 per annum.

Senator ROBERT RAY—So there is one senior adviser and three advisers. Let me check something. How many senior advisers do you have, Senator Colbeck?

Senator Colbeck—I do not have any senior advisers.

Senator ROBERT RAY—So you do not have anyone at that salary level on your staff if you are a parliamentary secretary. The next lot are advisers. There are three advisers there. What is the salary range for the three advisers?

Ms Clarke—The salary range for advisers is in the current certified agreement. For an adviser the salary range goes from \$68,236 up to \$91,772.

Senator ROBERT RAY—Senator Colbeck, how many advisers do you have on your staff?

Senator Colbeck—As indicated in the schedule there.

Senator ROBERT RAY—None.

Senator Colbeck—No, that is not correct.

Senator ROBERT RAY—One.

Senator Colbeck—One.

Senator ROBERT RAY—What about at assistant adviser salary level—the five that Senator Boswell has?

Ms Clarke—The assistant adviser salary range goes from \$55,507 up to \$63,762.

Senator ROBERT RAY—Do you have one of those, Senator Colbeck?

Senator Colbeck—According to the schedule I do, but I do not have one allocated to me at the moment.

Senator ROBERT RAY—Is that because it is an unfilled one or because someone else has taken the allocation?

Senator Colbeck—I could not answer that question. It is not an unfilled one.

Senator ROBERT RAY—How accurate are these figures? These figures show you having an adviser. I am sure there is an explanation.

Senator Colbeck—The explanation may be that Dr Stone had an adviser and an assistant adviser and the schedule probably reflects that.

Senator ROBERT RAY—That is a possibility. Now let us ask the officials why it appears that way. You are not responsible for it appearing that way. I am not holding you responsible for it.

Senator Colbeck—Dr Stone did have an adviser and an assistant adviser when she was doing this role, prior to me taking it on.

Senator ROBERT RAY—Could I ask the officials why an adviser is in this column? Has it not been adjusted yet? I just need an explanation.

Mr Miles—We will check. They were, I believe, based on the new allocations made by the Prime Minister in late January, but we will check just to make sure that that is correct.

Senator ROBERT RAY—I am just a bit concerned for my colleague here that he has been allocated a staff position and has not been told.

Senator Colbeck—Thank you for your concern.

Senator ROBERT RAY—I am certainly supporting you, unlike Senator Boswell, with his overinflated 10 staff. That is just incredible, especially when you look at the output in the Senate. It is staggering that Senator Boswell has more staff than the Greens and the Democrats. There has to be a roort here. I know there is a roort here, and I am going to get to the bottom of it. I doubt I will at this committee because they are all honest people sitting at the table. They would not be part of it and you did not make the allocation. I understand that. I would now like you to take on notice what the total staff costs are for the staff of Senator Boswell. Note the subtlety of the question. I am not asking for a salary per person. I think that by having 10 there is no way you could guess the salary of an individual. I am asking for the global staff costs. If you want to take a specific day at that salary level, I would like to know what it would cost per annum to have a staff salary rise. Is that doable?

Ms Mason—I believe so. We understand what you are asking for.

Senator FAULKNER—Could you also take on notice the home base?

Ms Mason—Yes.

Senator FAULKNER—I want to be clear. As I read the document, the Minister for Fisheries, Forestry and Conservation is the minister we formerly had at the table here—the Special Minister of State—who has now been at best pushed sideways to become the Minister for Fisheries, Forestry and Conservation. That is, Senator Abetz. Is that correct, Senator Colbeck?

Senator Colbeck—He has been promoted to the position of Minister for Agriculture, Fisheries and Forestry.

Senator FAULKNER—It is a promotion? I am pleased that you have told me that because I was not aware of that. I appreciate that information. That is helpful too.

Senator ROBERT RAY—So it was not—

Senator FAULKNER—It is not so much that; it is that I want to compare Senator Abetz's staff level as Minister for Fisheries, Forestry and Conservation to Senator Macdonald's staff level. I think that would be interesting. What was Senator Abetz's staff allocation as of 1 February 2006? As I read this document, would I be right to say that it is 10.6 staff?

Mr Miles—That is correct.

Senator FAULKNER—So it is 10.6 staff for Senator Abetz, as the Minister for Fisheries, Forestry and Conservation, but back in October last year didn't Senator Macdonald have only seven staff for the same position?

Mr Miles—That is what the table is saying.

Senator FAULKNER—Senator Colbeck, do we have any idea why Senator Abetz has 3.6 more ministerial staff for the same area of ministerial responsibility? We know that Senator Macdonald was not a popular figure in government, along with a range of other Queensland Liberals, but surely that is not the explanation for the fact that Senator Abetz has 3.6 more staff to do the same job. Can you help us?

Senator Colbeck—As with the allocation of staff to the Leader of the Nationals, that is a decision for the Prime Minister in allocating staff to the portfolios, and he has obviously made that decision.

Senator FAULKNER—Really? Where are the extra 3.6 based?

Senator Colbeck—I would have to take that on notice.

Senator FAULKNER—Do we have to take it on notice? Ms Mason, do you have that information?

Ms Mason—No, I do not have the home base information with me at the moment, but people will check and if we can do it quickly we will; otherwise it will be on notice afterwards.

Senator FAULKNER—Senator Colbeck, do you reckon it is an inside job, given that Senator Abetz was the former Special Minister of State?

CHAIR—What sort of question is that, Senator Faulkner?

Senator Colbeck—As I have said, the allocation of staff is a decision for the Prime Minister—

Senator FAULKNER—Senator Colbeck obviously understands it. He is answering it.

Senator Colbeck—and the Prime Minister has made those allocations.

Senator FAULKNER—Are we to assume that the new minister, Senator Abetz, is far less adequate than Senator Macdonald—hard to believe, I know—and, as a result, needs nearly four more staff to do the same job? Is that a reasonable assumption to draw?

Senator Colbeck—I do not think it is reasonable to cast aspersions on the performance of any senator. Again, the Prime Minister has made a decision as to the staff allocations and that is where it rests.

Senator FAULKNER—Or is it just that Senator Abetz is a favoured son? Chair, as you know, Senator Macdonald—

CHAIR—Senator Faulkner, it would be very helpful if you did not cast aspersions on senators, ministers and parliamentary secretaries. I will not answer any questions with respect to—

Senator FAULKNER—You are an expert on the Queensland Liberal Party—

CHAIR—I am not.

Senator FAULKNER—and you know how unpopular Senator Macdonald is. Perhaps that is the explanation.

CHAIR—Perhaps you could ask your questions without casting aspersions on other senators.

Senator FAULKNER—I am not casting aspersions on anyone.

CHAIR—I think you are. Would you please ask your questions—

Senator FAULKNER—Perhaps the aspersion should be cast on the Prime Minister.

CHAIR—I think it is best not to cast aspersions on the Prime Minister either.

Senator FAULKNER—So we do not know the reason. Senator Colbeck, is that the case?

Senator Colbeck—The Prime Minister has made a decision as to staff allocations, and the decision rests with him. If you are looking for a reason, I can take a question on notice from you and he can decide whether he answers it.

Senator FAULKNER—Once a very angry—and he is already very angry—Senator Macdonald gets to hear about this, I would be keeping out of his way.

Senator CARR—Can the parliamentary secretary explain to us, on the same basis, why Mr Nairn is doing the same job with two less staff?

Senator Colbeck—The same answer: the Prime Minister allocates staff to offices based on his assessment.

Senator CARR—Is there less work involved now?

Senator FAULKNER—There is the issue of the Tasmanian based media adviser, of course.

CHAIR—Senator Faulkner!

Senator FAULKNER—It is true.

Senator CARR—Have the duties changed?

Senator Colbeck—The reasons behind that are decisions for the Prime Minister. I cannot answer that. That is the Prime Minister's prerogative. If you want to know what the reason is, you can place a question on notice and the Prime Minister can make his decision on whether he answers it.

Senator CARR—Have there be any changes to the administrative orders with regard to the responsibilities for the Special Minister of State?

Senator Colbeck—I am not aware of that.

Senator FAULKNER—But it is a perfectly reasonable question at this committee, given that we are dealing with an area of his responsibility.

Senator Colbeck—There have been some changes, although very minor.

Senator FAULKNER—What are they, please, Ms Mason or Mr Bowen?

Mr Bowen—I do not believe there have been AAO changes. There may have been some reallocations within the portfolio but, as the parliamentary secretary said, I think they have been minor.

Senator FAULKNER—So they are decisions made by Senator Minchin you are saying?

Mr Bowen—Yes.

Senator FAULKNER—As it is very important that we know that for questioning at this committee, can you outline them for us?

Mr Bowen—We will get that information for you shortly.

Senator ROBERT RAY—We have had the refrain that this is a decision of the Prime Minister. But the way the estimates committees are traditionally structured is that we deal with the Prime Minister's department before this department. I think even you would agree, Parliamentary Secretary, that it is a bit unreasonable for us to say that we can only ask these questions three months later.

Senator Colbeck—That is not what I am saying. I am saying that the allocation of staff to ministers and parliamentary secretaries is a matter for the Prime Minister. That is what I am saying. I am not saying that you cannot ask questions about it or that they cannot be asked for three months. I am saying that it is a matter for the Prime Minister and it is his determination.

Senator ROBERT RAY—You are jumping at shadows. There is no trick here. If you let me finish, I will go on to explain. We would like to pursue these questions with the Prime Minister. Because there is always a three-month lag time, is there any obstacle to us being provided with these questions at the start of estimates so that we can then ask the Prime Minister through his representative obviously—as the Prime Minister is not a member of the Senate—why these changes were made? I am told we are committed to transparency of government, but every time you produce these here we have already just dealt with the Prime Minister's department and we cannot pursue them.

Ms Mason—That is something that we can check. I do not know the answer, but it is something that we can check for you.

Senator ROBERT RAY—I put a question on notice: five days prior to the next Senate estimates, can you provide me with this thing? I can do that via a Senate formal question on notice, but I would prefer to do it informally.

CHAIR—Take that as a question on notice.

Ms Mason—I will take that.

Senator ROBERT RAY—(a) It will cut down on questions here, and (b) we can go to the person who is the spokesman for the Prime Minister.

Senator Colbeck—We can take that question on notice.

Senator CARR—Mr Cobb appears to have had an increase in the allocation to his establishment by six. Is that correct?

Senator Colbeck—That is what the document shows.

Senator CARR—What is the explanation for that?

Mr Miles—Perhaps I can help there. You will see that Mr Cobb will appear here twice. It nets out to zero. Under the Community Services portfolio there is a total of six new positions. Further down under the old Citizenship and Multicultural Affairs portfolio there is a minus six. It simply reflects that.

Senator CARR—So it is a reallocation within the table?

Mr Miles—Yes.

Senator CARR—Have all of these positions been filled?

Mr Miles—I do not have that information here. I would suggest that it is unlikely at this stage.

Senator CARR—So does this list that we have here of government personal employees as of 1 February refer to the establishment figures or to the number of people actually on the payroll?

Mr Miles—It is establishment.

Senator Colbeck—Chair, I just need to correct something I said in relation to my staff. I do actually have an assistant adviser and an adviser.

CHAIR—Okay.

Senator ROBERT RAY—The last examination of these sorts of figures was done in 2002. One of the things identified then in the estimates around that time or a bit earlier was an increasing tendency for government—and I assume this would be reflected in opposition staffing—to skew towards the top. It occurs to me that there are far more senior advisers here than in any other area, not only in total numbers but also as a percentage. Is that right? Is there a trend towards an increasing top-heaviness in terms of senior advisers and advisers as compared with others further down the scale?

Ms Mason—I think it is correct to say that the profile of MOPS personal staff has changed over a period of some years.

Senator CARR—Is that because the pay rates are so poor or is there another explanation?

Senator ROBERT RAY—No, they are so good.

Ms Mason—I do not know the explanation.

Senator CARR—Pay rates are poor at the lower levels. Do people actually get promoted to higher levels to give them salaries which are commensurate with their skills?

Ms Mason—Of course, people can progress by gaining greater experience as MOPS employees and applying for other positions. I think that has also occurred as we have had people in positions serving government for a longer period.

Senator ROBERT RAY—Could you provide the committee on notice, because there is no way you could do it on the spot—and, if you like, you can express this in percentage terms—how much, averaged out, principal advisers' salaries have increased in the last five years as well as senior advisers and chiefs of staff? In fact, why don't we just go across the top of this document—

CHAIR—Which document, Senator Ray?

Senator ROBERT RAY—Sorry, the document entitled 'Government Personal Employees as at 1 February 2006.' How much over the last five years—say, from 2000 to the end of 2005 or, if those dates are inconvenient, pick a convenient fair date; I will leave it to you to pick a fair date which is not one immediately before a pay rise or something like that—in percentage terms have each of those groups gone up in salary on average?

Ms Mason—Over a five-year period from roughly 2000 to 2005?

Senator ROBERT RAY—Yes. Obviously, some dates, because of the retrieval of information, will be easier for you. That is fine. I know that you will not manipulate it to be just before or after a pay rise because there would be no value in you doing that. At the same time, I would like three other sets of figures for the average of electorate offices A, B and C. So really what I am interested to see is whether all MOPS staff salaries have gone up at around the same rate or whether there is a differential somewhere in the system. Are you happy with that?

Ms Mason—I just need to clarify because, for the personal staff—for all staff, in fact—there are salary ranges. It would be very difficult for us to get a person-by-person figure. We may need to look at picking a particular point in the range.

Senator ROBERT RAY—That is a fair point. Why don't we take the top of the range in 2000 and the top of the range in 2005, so you do not have to go anywhere other than looking at that by category, and the top of the range for A, B and C? Would that be a lot simpler?

Ms Mason—It is certainly much clearer and much easier for us.

CHAIR—Is that every category across the top of the document?

Senator ROBERT RAY—Yes, but now we have cut the task back by about 500 per cent, I suspect. It is going to be a lot easier to find these figures. And I should warn you it does not

actually reflect what is happening out there other than the trend, because some people would be paid less.

Ms Mason—Given that there were also changes to the range over time, it might be useful if we take two points—the top and bottom of each range.

Senator ROBERT RAY—That would be good; that would be helpful. But, getting back to my point, do you agree that there has been a gradual drift towards the top in both government and opposition staffing levels?

Ms Mason—I have not done that analysis but, intuitively, I think you are correct.

Senator Colbeck—Chair, while there is a break in proceedings, I have some advice in relation to the numbers for the National Party and the change that occurred just after the change in the Senate. When the Democrats had party status in the Senate they had around 12 to 14 personal staff. When they lost party status they lost that allocation and reverted to one assistant adviser per senator plus a whip's clerk, as the Greens have. When The Nationals achieved party status in the Senate the Prime Minister increased their allocation of personal staff, just as had been the case when the Democrats had five-plus senators.

Senator FAULKNER—Who determines party status? What does it mean?

Senator Colbeck—My understanding of that is that it is a longstanding convention of the Senate.

Senator FAULKNER—That is wrong. Have another go.

Senator Colbeck—I do not know the history of that. I know that you had some discussion about that with the Clerk of the Senate yesterday morning—

Senator FAULKNER—For this very reason. You didn't hear it?

Senator Colbeck—I do not recall the Clerk's answer.

Senator FAULKNER—Well, it is not a longstanding convention of the Senate, I think it is fair to say.

Ms Clarke—I can confirm that under the Parliamentary Entitlements Act 1990 there is a definition of a 'leader of a minority party', which is:

... the leader of a recognised non-Government party of at least 5 members—

Senator FAULKNER—Non-government party.

Ms Clarke—But, it goes on:

... does not include an Opposition Office Holder ...

Senator FAULKNER—Non-government party.

Senator ROBERT RAY—Do you want to read that out again? That was the point that the Clerk made.

Senator FAULKNER—I did not mean to interrupt you but it is very crucial. Let us read it without my interruption. Senator Ray is right to chide me for interrupting.

CHAIR—Ms Clarke, for the benefit of the committee, could you please read out the appropriate section again.

Ms Clarke—Part 1, item 3 of the Parliamentary Entitlements Act 1990 defines the ‘leader of a minority party’ as:

... the leader of a recognised non-Government party of at least 5 members, but does not include an Opposition Office Holder ...

Senator FAULKNER—Thank you. Have another go, Senator Colbeck.

Senator Colbeck—As I said, I did not hear the comments of the Clerk this morning. I do not have the knowledge of the party status. The Prime Minister obviously, from the note that I have received, regards a party as a party.

Senator FAULKNER—Say that again. The Prime Minister does?

Senator Colbeck—The Prime Minister makes these allocations. I can only assume, without—

Senator FAULKNER—That means he can decide a party is a non-party too, I suppose.

Senator CARR—If he does not like them.

Senator ROBERT RAY—He does not like the National Party.

Senator Colbeck—Senator, you can make that assessment if you like. I am giving you the information that has been passed to me by the—

Senator FAULKNER—But, hang on, this has been used by you a moment ago as the justification for this massive hike in staffing.

Senator Colbeck—This is the advice that I have been given and I am passing that advice on to the committee.

Senator FAULKNER—Who gave you that advice?

Senator Colbeck—I presume it has come from the Prime Minister’s office. This advice has been passed to me—

Senator FAULKNER—Senator Colbeck, this is your first time at the table, and I am sure it is going to be a long and rewarding association, but I have to respectfully suggest that you should not presume anything. Let us not presume—

CHAIR—Senator Colbeck is trying to be helpful.

Senator FAULKNER—And I am trying to be helpful.

Senator ROBERT RAY—It is much better to say you do not know the answer than to presume.

Senator BRANDIS—It is not the first time at the table, I do not think, Senator Faulkner. I am sure he was here at the previous estimates.

Senator FAULKNER—Well, it was forgettable, if that is the case.

Senator Colbeck—Whatever the situation, Senator, I have been given this advice and I have given it to the committee.

Ms Mason—The Parliamentary Entitlements Act, as Ms Clarke read out earlier, contains a definition of a leader of a minority party as relating to a non-government party. The act is

silent on what happens when you are in government. I would suggest that perhaps those people are considered to be the majority rather than minority.

Senator ROBERT RAY—We still have the dilemma of not being able to get to the reason why it went from three to 10. Senator Colbeck suggests that it may be because of party status that the National Party leader in the Senate gets 10. It is possible that they are all there to support Senator Boswell. I have not seen any evidence of that in his Senate contribution in the last few months, but maybe I have not been paying attention. I suspect that, with the National Party having the crucial votes in the Senate, they are being rewarded. I suspect that these people are working to support not Senator Boswell but the National Party of Australia. It smells like it; it walks like it.

CHAIR—That might be your suspicion, Senator Ray, but that is all that is.

Senator ROBERT RAY—When I was suspicious about what the Government Members Secretariat was doing, I was proved right. When I was suspicious about the extra press secretary sent right around Australia, I was right.

Senator FAULKNER—I reckon a better conspiracy theory is that they are out there working on his preselection. That is much more likely.

CHAIR—Senator Ray, you are allowed to ventilate your theories wherever you like except here today.

Senator FAULKNER—That is a much better conspiracy theory.

CHAIR—Thanks, Senator Faulkner. Are there any further questions of Senator Colbeck?

Senator FAULKNER—For Senator Colbeck there may be, yes.

Senator ROBERT RAY—I want to ask about personal classifications. I have not added them up. What is the net result for government? Do they have more personal classifications in place or fewer than a year ago? I would have said the same or slightly less, when you have the figure of 32.

Ms Clarke—We have not done them over the year. I can give you the information from the previous estimates figure. There are 32 government staff with personal classifications at this estimates. In November there were 33 government staff with personal classifications. At the moment, three of those are paid at a lower classification than the positions against which they were held. Back in November, that number was four.

Senator ROBERT RAY—So it is three to 29. Twenty-nine are paid over and three under. That is fairly consistent with figures given in the past, from my memory.

Ms Clarke—There were 11 non-government staff with personal classifications, and that was eight as at November, last estimates.

Senator FAULKNER—I have a question on the GMS. Can you let me know, please, Senator Colbeck, whether monitoring opposition members is part of the role of the staff members of the Government Members Secretariat?

Senator Colbeck—My understanding of the role of the GMS is that it is to assist government members.

Senator FAULKNER—So it is not?

Senator Colbeck—That is my understanding.

Senator FAULKNER—Could you assure the committee that GMS staff do not monitor opposition MPs who hold marginal seats? Could you rule that out categorically for the committee?

Senator Colbeck—Could you repeat the question?

Senator FAULKNER—You have just told the committee that it is not the role of the GMS to monitor opposition members. You can confirm that? That is what you said a moment ago.

Senator Colbeck—That is right, yes. I am with you, Senator Faulkner.

CHAIR—What do you mean by monitor, Senator Faulkner?

Senator FAULKNER—The usual dictionary definition. Anyway, he has ruled that out. I want to be assured by the parliamentary secretary that GMS staff in fact have not been monitoring opposition members, MPs. I am sure that you would want the same assurance, Senator Mason. So could you assure both Senator Mason and me that there has been no monitoring by the GMS staff of opposition MPs who hold marginal seats? If you can give me that assurance I will be very pleased.

Senator Colbeck—The role of the GMS staff is at the direction of the Chief Government Whip. He determines their responsibilities. If you want to find out exactly what those responsibilities are you can leave me a question on notice and I will seek an answer for you.

Senator FAULKNER—Can you explain to me why on 28 July 2004 at 10.38 am a Canberra based assistant adviser working in the Government Members Secretariat signed up using their Finance email address to receive email information from the Labor member for Chisholm, Ms Burke? Can you explain that to me?

Senator Colbeck—No, I cannot. I will take that on notice and check that with the Chief Government Whip, whose responsibility is to allocate duties to staff in the GMS.

Senator FAULKNER—How does this happen? Ms Mason or Mr Bowen, can you help me? Are there any constraints on what a MOPS staff member can do using their Finance email address is? I thought there were. I am sure you are concerned about this, too, Senator Mason.

CHAIR—I want to know what monitoring is. You have given an example of what you believe monitoring is.

Senator FAULKNER—I just said. I am going to buy you an *Oxford English Dictionary* for Christmas.

CHAIR—Thank you, Senator Faulkner—inscribed?

Senator FAULKNER—Yes, if you like—as long as I can find one at St Vincent de Paul.

Mr Bowen—Mr Dominic Staun, General Manager, Financial and e-Solutions Group, may be able to help.

Mr Staun—We have normal restrictions which apply across the department on the use of Finance resources such as email size limits, filtering for various sites and those sorts of things.

Senator FAULKNER—But what constraints, if any, are there on staff members of the Government Members Secretariat using their Finance email address to poach in, eavesdrop on and access email information from an opposition member of parliament? Are there any constraints?

Mr Staun—I am not aware of how the individual might have done it. Clearly, with any email address you could register and subscribe to a particular site et cetera. I would not think they would have any tools or any other availability to, if you like, hack into a site. I would not see such things as likely.

Senator FAULKNER—Senator Colbeck, do you want me to name the staffer concerned, or would you prefer to go and sort it out and make sure this sort of eavesdropping never happens again? I am happy to name this person. This person is an employee of the Government Members Secretariat. What would you prefer?

CHAIR—That would break the tradition of this committee.

Senator FAULKNER—Sometimes people have been named.

CHAIR—Not often in this context, Senator Faulkner.

Senator FAULKNER—I do not like naming staff members.

CHAIR—I know you do not, Senator Faulkner.

Senator FAULKNER—That is why I do not name staff members.

CHAIR—That is why I am surprised you are threatening to do this.

Senator FAULKNER—I am asking whether you want me to name the staff member or whether you are going to sort it out and make sure it does not happen again.

CHAIR—The question has been taken on notice.

Senator FAULKNER—You would accept, Chair, I am sure, that this sort of behaviour is not on.

CHAIR—The behaviour is being examined. The parliamentary secretary has said he will do that.

Senator FAULKNER—It is not examined. This has been found out by one of my colleagues—because of course they have access to all this information. They have passed it on to me knowing that I have concerns about these sorts of issues and knowing this committee has an interest in holding the government accountable on these sorts of issues. I suggest that you and Senator Colbeck go about sorting it out.

CHAIR—I am sure that Senator Colbeck will sort it out.

Senator FAULKNER—Chair, I also suggest, respectively, through you to Senator Colbeck, that Ms Anna Burke warrants an apology—and I mean that seriously.

Senator FIFIELD—Was this a subscription for a newsletter or information?

Senator FAULKNER—Do you want me to go into all the details? It is up to you, Senator Fifield. I will go right through the whole thing.

CHAIR—Senator Faulkner, Senator Colbeck has the call.

Senator FAULKNER—I am sure you would agree with me that an apology is warranted. I am happy to go through the details if you want.

Senator Colbeck—Senator Faulkner, if you would like to forward the details to me, I will pass those onto the Chief Government Whip—who, as I have said, has oversight of GMS—and ask him to look into it.

Senator FAULKNER—No, I think what ought to happen here is the staff member concerned at the Government Members Secretariat deserves a real bollocking—and that is what they ought to get.

CHAIR—I need a dictionary for that as well.

Senator FAULKNER—No, you don't. You have got a smile on your face. You know exactly what it means—and I am sure you agree with me.

Senator CARR—He probably does.

Senator FAULKNER—Don't make me laugh, Senator Carr—this is a serious issue. I do think an apology is warranted. There are conventions at this committee that we have tried to establish over the years. One of them is not naming staff members. We have done a lot of things from time to time at this committee in the margins. You are new to the table—and I respect that—but I am sure that Ms Mason, who has been her for some time now, would acknowledge that we have done things in the margin. Here is one for you, Senator Colbeck, to chase through.

Senator Colbeck—Senator Faulkner, as I have said, I am quite happy to pursue the issue.

Senator FAULKNER—I have another question in relation to the Government Members Secretariat. Mr Surr—

Mr Bowen—I do not think he is with us at this point.

Senator FAULKNER—I can see that. I do not think I require him. First of all, I would just acknowledge that Mr Surr, as you would be aware, Chair, did correct some evidence that he provided to the estimates hearings on 1 November last year. Dr Watt is not here at the moment, but I would like to note that that was done quickly. It ought to be said that the last round was 1 November and Mr Surr wrote to the committee on 9 November correcting the record—as he is obligated to do. I note that and thank him for providing that correction.

However, as I read the correction to the evidence, what Mr Surr has indicated—and Ms Mason may want to comment on this—is that DOFA provided 11 laptop computers to the Government Members Secretariat for use during the period of the 2004 election period at a cost of \$1,636 a month and that those laptops were in addition to the 11 configured for the finance computer environment that had already been issued. I think that is true. Is my understanding right, Ms Mason? I believe it is.

Mr Bowen—I think that question may go to Mr Hutson.

Mr Hutson—The Corporate Group is responsible for home department services for the Government Members Secretariat.

Senator FAULKNER—Is my understanding correct?

Mr Hutson—That is correct.

Senator FAULKNER—At that time the GMS had 11 staff. That is right, is it not, Ms Mason?

Ms Mason—I believe so.

Senator FAULKNER—That means that, effectively, the GMS had 22 laptops during the campaign. They had 11 staff and 22 laptops. Is that right?

Mr Hutson—That is correct.

Senator FAULKNER—Mr Surr states in his correspondence—which is available—about the evidence he gave that the laptops were for use by GMS members during the election campaign period. That is clear. In other words, they were used for campaign purposes—political purposes. What is not clear from the correspondence is this: why did the department provide 22 computers for 11 people during an election campaign?

Mr Hutson—I am advised that the failure to recall the finance configured computers was an oversight.

Senator FAULKNER—That was an oversight?

Mr Hutson—That is correct.

Senator FAULKNER—When was this oversight discovered?

Mr Hutson—I am guessing a bit about this, but probably at the time we recalled the other—

Senator FAULKNER—No, this is my same point to Senator Colbeck, and I am sure he would agree. Let us not guess—let us be accurate; otherwise, we will have another correction to the evidence.

Mr Bowen—I am confused. Would you mind repeating your last question?

Senator CARR—When did you discover that there was an oversight?

Senator FAULKNER—I think I went through the background—

Mr Bowen—That is fine.

Senator FAULKNER—on which, basically, there was a general understanding. I then asked Mr Hutson when the oversight was discovered. I believe that was my last question.

Mr Hutson—I think, from Mr Suur's letter, that the fact that there were too many computers on issue must have been discovered slightly prior to 22 October 2004, when the machines were recovered.

Senator FAULKNER—DOFA obviously supplies IT support to government and opposition during an election campaign. That is unremarkable. That is the case, isn't it?

Ms Mason—Yes.

Senator FAULKNER—This, of course, enabled a very significant comparative advantage to government staff, who were able to keep accessing the Finance computer environment and drag the rest of these laptops around Australia, using them as they saw fit. Is that right? I am not an expert, I admit—in fact, some people even know that IT is not my area of absolute

expertise, and sometimes I get these things wrong. Am I wrong to suggest that the staff could be completely linked in to the Finance system, the Finance environment and the government network and effectively have an extra computer for each staff member as a mobile office?

Mr Hutson—I will ask Mr Staun, the head of the financial and e-solutions group, to comment further, but I understand the basics: during an election campaign, the staff concerned are working in an external environment and, during that period, their Finance configured laptops would be of little use to them.

Senator CARR—Why is that?

Mr Staun—There was a problem with connection from interstate and the flexibility of the laptops that were hooked up to the Finance network. So the request, for one reason or another, was that they would have access to a laptop that they could use as they travelled around. Rather than re-imaging and working on the current laptop, it was simpler for us to provide them with a fresh laptop and leave the other one sitting linked up to the Finance system in the GMS network. Clearly, what we should have done was pull those back into the Finance inventory, if you like, during the election campaign, and then perhaps reissue them after the campaign.

Senator FAULKNER—But you did not, you see.

Mr Staun—No, we did not. That was the oversight.

Senator FAULKNER—And, as a result, yet again there was a massive comparative disadvantage to the opposition.

Mr Staun—My understanding is that they were not used during the campaign—those hooked up to the network.

Senator FAULKNER—How do you know that?

Mr Staun—That is my understanding because of how the other laptops—

Senator FAULKNER—How did you reach that understanding?

Mr Staun—I would have to—

Senator FAULKNER—Hang on. You have told this committee that that is your understanding. I accept what you have told us. All I want to know is how you reached that understanding.

Mr Staun—This was in the—

Senator FAULKNER—How would you know what the government members' secretaries were doing?

CHAIR—Let Mr Staun have his say, Senator Faulkner.

Mr Staun—It was in the discussions that we had with Mr Suur in November, when this issue came up. I will check for the committee for certain what access was used during that period for the GMS. I can do that through the logs.

Senator CARR—You said that the old laptops are having difficulties being hooked into the system. The normal key system that we have all got was failing—is that what you are saying?

Mr Staun—No, this is the Finance network. There were issues with remote access into the Finance network.

Senator CARR—What issues were they?

Mr Staun—Technical issues of ease of doing so. I am not that technical. There are reasons behind it.

Senator Colbeck—According to the letter that Mr Suur sent to the secretariat—I expect that is the one that Senator Faulkner is referring to—the Finance laptops have restrictions on them that prevent them operating in a non-Finance environment. I would expect that that would be part of Finance’s security for its systems.

Senator CARR—So why would laptops which cannot be moved be issued to people?

Senator FAULKNER—Why would it matter if they did not operate in a non-Finance environment?

Senator Colbeck—If they do not operate in a non-Finance environment they do not operate.

Senator FAULKNER—So what is the intention of these laptops?

Senator Colbeck—It is in the letter that you have. Reconfiguring the laptops would have cost about \$5,500, and you have already mentioned the figure of \$1,636 that it would have cost to provide the alternative laptops. From what I gather occurred, Finance did not draw back the laptops that were configured as Finance laptops.

Senator FAULKNER—That may or may not be right. You have given that evidence. I accept that. I do not know. But what I am talking about is trying to ensure that there is a level playing field. Did anyone bother thinking that maybe the same situation applied to opposition staff? Did that ever cross anybody’s mind? Of course not.

Senator Colbeck—Given the particular operating environment, opposition staff would be operating on the APH system, which has different protocols. Having used the APH system and the laptops around the country, I would not expect that they would have the same problems with portability that the laptops that have been configured for the finance department may well have had.

Senator FAULKNER—I do not know whether that is right or wrong, but I do know that in the election campaign every member of the Government Members Secretariat had two laptop computers. I really do not know what they could or could not access, and obviously I do not know whether they did or did not access and use a whole range of material. Frankly, I doubt whether Mr Staun knows either. What I do know is that Government Members Secretariat staff had two laptops, and that is absolutely unacceptable, particularly in an election campaign environment. What concerns me is that no-one had the smarts in the department to get onto this. That is the concern. It was just let to run until after the election. God knows how they were used or misused, but it should never have happened, should it, Mr Bowen?

Mr Bowen—From what I understand of it—and that is from what I have heard here today—there has been a mistake made in leaving those laptops there. As to whether there was

any advantage, from my understanding that is a very open question. You can use only one computer at a time, after all.

Senator CARR—You could have two people using them. If you have two computers, you could bring in another person.

Mr Bowen—I cannot comment on the feasibility of that—I just do not know. But, as Mr Staun has said, it was an honest mistake by the department. There was a good reason to give laptops: to overcome a technical reason at a lower cost, as a read it. That sounds sensible to me. The fact that the old laptops were left there was an error which was corrected sometime later. I do not know, from the department's point of view, that there is too much more that we could add to that.

Senator FAULKNER—I appreciate the fact that you have acknowledged a mistake was made. My point here in raising this is to try and ensure that at all levels of the department, at the most sensitive time of the electoral cycle, we do not have a repeat of it. There is not much I can do about the situation that occurred, obviously, in the 2004 election. Pity I could change it, but I cannot. The best we can do is have a bit of transparency about it and try and ensure that the department takes every possible step so it does not happen again.

Mr Bowen—We certainly will remember this incident. We appreciate that that period is one of the most sensitive periods you could possibly have. This will go into the department's learning, I am sure.

CHAIR—Mr Staun, you will make those inquiries?

Mr Staun—Yes.

Senator FAULKNER—I do not mind Mr Staun making the inquiries, but do not expect me to believe for one moment any answer that comes back from the Government Members Secretariat about their use of laptops. I will not accept it. This is a question on notice not worth asking, but I do not care if you want to answer it.

Senator Colbeck—Senator, I think you are misinterpreting the answer that we are looking for. What Mr Straun is doing is checking through the department's login process to determine what the level of use was those of the computers.

Senator FAULKNER—I would not know how these computers were used or how—

CHAIR—You will not have to rely on GMS's honesty, Senator.

Senator FAULKNER—I will never rely on GMS's honesty. I did not realise they were a particularly honest outfit. Anyway, that is not the point. I do not know what has happened to these other computers. Who knows how they were all used? I am not asking for details about the use of any of these computers during the election campaign—it would be too horrible to contemplate. I am not going there. And I did not care what the witness finds out or does not find out about it. I am making clear what my concern is and I think Mr Bowen has got it on board. By all means, answer the question on notice. I am sure it will show no use at all. I can predict it now.

CHAIR—We will see.

Ms Mason—I have a clarification to an answer I gave earlier about the support provided by Ministerial and Parliamentary Services during the election period. MAPS provides equipment and support to the Leader of the Opposition during an election period. We put in place express checkout arrangements for hotels and so on. We do that for both the Leader of the Opposition and the Prime Minister. But other equipment and support for the Prime Minister is provided by the Department of the Prime Minister and Cabinet. I just want to make that clear because my previous answer may have been somewhat misleading.

Senator FAULKNER—Thank you, I appreciate that information. In relation to the Government Members Secretariat asset register, I received an answer to a question on notice which Dr Watt took on notice in the round in November. You probably do not have the information available now. It was my written question on notice F&PA 56, 1 November 2005. Could you take on notice to update that asset register up to the current date, maybe to 1 February?

Mr Hutson—Certainly.

Senator FAULKNER—Thank you very much. Is it true that MAPS engaged a private consultant to brief government staff on the impact of the Work Choices act?

Ms Mason—That is correct.

Senator FAULKNER—Who was that consultant?

Ms Clarke—Is it was not only government staff. We had a consultant from Heaney Blaylock and Associates, which is a workplace practitioners consulting organisation. They gave a presentation to members of the employee consultative group and also the staff representative group which is dealing with the new certified agreement. So it was crossing party lines.

Senator FAULKNER—So it is better to describe it as small ‘g’ government staff, but MOP staff is more accurate, is it?

Ms Clarke—That is correct.

Senator FAULKNER—Was there a requirement to engage a consultant or could an officer of the Department of Employment and Workplace Relations or DOFA do this?

Ms Clarke—The MOP staff asked for an overview of the legislative changes, looked at what options would be appropriate and in the end brought in Heaney Blaylock and Associates, who have been industrial relations practitioners now for quite some time and are experts in the field.

Senator FAULKNER—How much did that briefing of parliamentary staff cost?

Ms Clarke—The estimated cost for the research, presentation, delivery, and preparation is \$1,600.

Senator FAULKNER—Does that include the hire of facilities?

Ms Clarke—No. The hire of the facilities cost an additional \$400. I would add that there was no room in Parliament House, which is where we normally have these events, on that day, so we had to look elsewhere.

Senator FAULKNER—I wondered about that. It would seem more logical to me to use a committee room in Parliament House than to hire a room and a projector at Rydges Capital Hill.

Ms Clarke—That would certainly be our preference, but I believe that COAG was on here at the time and there were no committee rooms available. We did search through. The projector was a Finance projector, so there was no additional cost associated with that.

Senator FAULKNER—So the whole exercise cost \$2,000, did it?

Ms Clarke—That is an estimate at this stage. We have not been finally invoiced, but that is about right.

Senator FAULKNER—That was the cost of engaging a private consultant to brief parliamentary staff on the impact of the Work Choices act at a meeting outside the parliament, at Rydges hotel.

Ms Clarke—That is correct. It was not only a look at the Work Choices act; he also gave a bit of an overview of agreement making trends in the public sector generally. But, yes, that was the cost.

Senator FAULKNER—I am just wondering whether Ministerial and Parliamentary Services, Ms Mason, has had any concerns drawn to it in relation to the new security arrangements here at Parliament House. It may not have. I just wondered if this had been something that had been raised with MAPS.

Ms Mason—I am aware of the media coverage of some discussion of the new security arrangements in Parliament House but I am not aware of any complaints having been raised directly with MAPS.

Ms Clarke—I can elaborate on what Ms Mason has said. The employee consultative group, which meets bimonthly, has almost as a standing item on its agenda a look at security. Someone comes from DPS to talk to them about it and they raise their concerns in that forum.

Senator FAULKNER—Is MAPS responsible for the administration and organisation of the employee consultative group?

Ms Clarke—In a sense, yes. We send out the agendas and convene things. The facilitation is done on a rotational basis.

Senator FAULKNER—Are you represented at the meetings?

Ms Clarke—Yes, we are.

Senator FAULKNER—Is that one of your responsibilities, Ms Clarke?

Ms Clarke—Yes, it is.

Senator FAULKNER—Are you responsible for any record keeping out of those meetings?

Ms Clarke—Yes. The minutes get taken and are put up on the website, on the MOPS intranet site, for all MOP staff to see. We also know that the representatives talk to staff themselves, so a lot is done verbally and through email, I gather.

Senator FAULKNER—I have actually received some positive feedback about MAPS in relation to security concerns. I was going to ask you about it, but I am still not clear from Ms Mason's answer about the interface you have had with these issues.

Ms Mason—Sorry, that is a different question. I am one of the members of the Security Management Board in Parliament House so I, along with other people, consider various security issues. I think Ms Penfold gave some evidence yesterday in relation to security arrangements in Parliament House.

Senator FAULKNER—Yes, but I am not talking about the Department of Parliamentary Services; I am talking about any responsibilities or action or follow-through that has been left effectively with MAPS as a result of some of the concerns that have been raised. That is what I was trying to ask about.

Ms Mason—I am not aware of anything specific.

Senator FAULKNER—It is a matter that you have some contact with in a sort of a tangential way?

Ms Mason—Yes, and we have some responsibilities in the ministerial wing of Parliament House in relation to security issues and furniture and the like. So we do have some involvement there.

Senator FAULKNER—Does MAPS itself take a view about the adequacy of how, in this instance, any staff security concerns have been addressed? Is that something that MAPS would consider to be a role for MAPS?

Ms Mason—I think the answer is no. We have some interest, obviously, in occupational health and safety issues. The employee consultative group has expressed some views about security arrangements in Parliament House and Ms Clarke has given evidence about that. I am not sure what you are really asking.

Senator FAULKNER—I had received some positive feedback and I thought I would pass it on.

Ms Mason—Thank you.

Senator FAULKNER—But neither of us knows what I am passing on! Whatever you are doing in that area—

Ms Mason—It is good and we should keep it up!

Senator FAULKNER—it seems to be positive. I always like to finish on a positive note if I can, Senator Colbeck—

Senator Colbeck—Thank you. That is very pleasing.

Senator FAULKNER—given that there are so many negative moments.

Senator FIFIELD—Senator Colbeck, I have just clicked onto Anna Burke's website. There is a section here which says:

Subscribe to Anna Burke's email newsletter.

Keep up to date with Anna Burke's email newsletter by subscribing using the fields below.

I am just wondering whether there is any restriction on people who have a Department of Finance and Administration email account subscribing to a publicly available newsletter that comes at no cost to the taxpayer.

Senator Colbeck—Not that I am aware of, unless there are some internal protocols within the department of finance that I am not aware of. Mr Staun might be able to advise on that.

Mr Staun—No, there is no restriction.

Senator FIFIELD—Obviously, you should not use your email account or your internet access to illegally hack into someone's site, but there is absolutely no restriction that you are aware of on actually registering for and subscribing to a publicly available newsletter?

Mr Staun—Not something like that, no.

Senator MURRAY—So you could spend your whole day looking at websites that do not relate to your work? That must be an issue, surely?

Mr Bowen—Yes, but that is a performance management issue. That is not an issue of what sites are available.

Senator FIFIELD—We are not talking porn here.

Mr Bowen—No, and Mr Staun can talk a bit more about the filters that we have on our systems. But the issue that Senator Murray raised is really an issue of how we manage our people and their performance.

Senator MURRAY—So as long as they are not goofing off and enjoying themselves looking at all sorts of different sites—

Mr Bowen—Yes.

Senator FIFIELD—But I would not think that taking an interest in public affairs and what members of parliament think on particular issues was outside the bounds of what someone who works in government might do.

Senator Colbeck—Again taking it in the context of the performance issue, employees of the GMS are under the direct control of the Chief Government Whip. If they are not performing their duties to his or her satisfaction, as the case may be, I am sure he or she would take that up with them.

Senator FIFIELD—There is no department of finance code or guideline that prevents someone subscribing to a publicly available website?

Senator Fifield—It certainly does not appear to be the case.

Mr Bowen—Not to an appropriate site. There are sites that are not appropriate.

Senator FAULKNER—Now that Senator Fifield has raised this issue I do have another question. I have previously raised the issue of the periodicals allowance—I think that is the terminology that is now used, isn't it?

CHAIR—Communications allowance.

Senator Colbeck—I think you are right, Senator Faulkner. It is the periodicals allowance or newspaper allowance or something of that nature.

Ms Clarke—It is the newspapers allowance.

Senator FAULKNER—In relation to that, Ms Mason, you would recall that I asked some questions about access to electronic publications, effectively. I used some examples—

Senator ROBERT RAY—New Matilda.

Senator FAULKNER—Yes, New Matilda. I also used crikey.com as an example.

CHAIR—There was other discussion, I recall.

Senator FAULKNER—There was. But there may be any number of these things. Has the department been able to detect any sort of trend developing where parliamentarians are properly using their communications or newspapers or periodicals allowance—whatever the technical term is—to access those sorts of online publications? Has that started to come through?

Ms Mason—I do recall the discussion. No particular patterns have emerged at this stage.

CHAIR—There are no more questions for output group 3, so thank you very much, Mr Bowen and Ms Mason. Questions for output group 4, the Australian Government Information Management Office, will be placed on notice. I now call—

Mr Bowen—Chair, I will just mention one issue. Mr Saunders's evidence about the Indigenous Land Council and the land fund—

Senator FAULKNER—If I could interrupt, Mr Bowen: this was in response to whose questions?

Mr Bowen—Senator Evans.

Senator FAULKNER—Wouldn't it be better to flag to Senator Evans that—

Mr Bowen—I was going to suggest that Mr Saunders may wish to add to that evidence, but he could do it in writing. There were some figures quoted. I believe they were quoted accurately. But he has now found some other figures that are published separately, and I think it will be important to reconcile the two. I am doing no more than flagging that there is an issue that we will come back to you on.

Senator FAULKNER—Fair enough.

CHAIR—So Mr Saunders will give the evidence later on?

Mr Bowen—We can do it out of session, Chair, if you are happy with that, by way of a letter.

Senator FAULKNER—The thing about this, Mr Bowen, is to do it ASAP. Perhaps Senator Colbeck can facilitate that additional information being provided to the secretariat as quickly as you can.

Mr Bowen—I think we can do it by way of a correction—it is not actually a correction, it is an addition—

Senator FAULKNER—Further information, yes.

Mr Bowen—to an answer. We can write to the secretary of the committee if that is okay with you.

Senator FAULKNER—If you could facilitate it that would be good.

CHAIR—Thanks, Mr Bowen.

Senator FIFIELD—I have one more question. In relation to privacy statements on government or members of parliament's websites, is there a privacy policy that applies if, for instance, you subscribe to one of them? Is there a privacy policy that applies to, say, the department of finance website?

Mr Bowen—We are not aware of any such policy.

Senator FIFIELD—If you convey information to the Department of Finance and Administration over its website, is there a privacy policy in relation to what happens to that? Information is conveyed over websites by various organisations. Organisations often have a privacy policy in relation to information conveyed over their websites.

Mr Bowen—From memory, on the bottom of emails that leave our organisation we have a rider that says, 'If you get this in error, you mustn't pass on the information and you must let us know—or you should let us know.' But beyond that I do not know that I can help you.

Senator FIFIELD—For individual MPs who have a website and a privacy policy, that would be the individual MP's privacy policy in relation to their site?

Mr Bowen—Yes.

Senator FIFIELD—The reason I ask is that I note on Anna Burke's website that it says: 'We respect your privacy. Please see privacy statement.' If she has conveyed information on her website to someone else, it would seem—

CHAIR—For subscribers.

Senator FIFIELD—Yes. Perhaps her own privacy policy has been breached. I endeavoured to check that. I clicked on her privacy statement and it says, 'This page cannot be found,' so I cannot actually check that she has breached her own privacy policy by conveying to someone else the information of someone who sought to subscribe on her website. That is really a matter for Ms Burke rather than for your department.

Mr Bowen—In terms of our own website, the material is public information; it is not information that we in any way would wish to have a privacy provision about. As I said, email traffic is another matter.

Senator FIFIELD—Sure.

CHAIR—That is the end of output group 3. There will be questions on notice from Senator Lundy for output group 4. That is the end of the examination of the department by this committee. Thank you very much.

Proceedings suspended from 5.08 pm to 5.14 pm

CHAIR—I welcome Mr Campbell, the Electoral Commissioner, officers and Dr Watt.

Senator FAULKNER—My questions probably will go across a couple of the outcomes, but that is generally the way we do it, if you are happy, Mr Campbell.

Mr Campbell—More than happy, Senator.

Senator FAULKNER—The first thing I want to ask you is in relation to some figures that I saw in the explanatory memorandum of Electoral and Referendum Amendment (Electoral Integrity and Other Measures) Bill 2005. Obviously, on page 3 of the explanatory memorandum there is a financial impact statement. It says that the revenue cost of the proposed amendments in schedule 4 of the bill is estimated to be \$4.9 million in 2007-08, \$6.5 million in 2008-09, \$5.4 million in 2009-10 and \$5.7 million per annum in 2010-11. Were those figures generated internally in the AEC?

Mr Campbell—No, they are agreed figures with the department of finance.

Senator FAULKNER—So that is just your standard operating procedure.

Mr Campbell—It is standard procedure, as you would expect. We negotiate it with Finance and ultimately agree with Finance and have it agreed by ministers.

Senator FAULKNER—That is the usual cooperative—that might be the wrong description—arrangement with Finance? I do not want to be too generous to you, Dr Watt. You will think I have gone very soft in my old age.

Dr Watt—The usual sensible outcome, Senator.

Senator FAULKNER—I accept that they are agreed, obviously, with the department of finance, but have you done a bit of work in the AEC to try to work up the costs?

Mr Campbell—This was a process whereby, when we were conscious of the proposals that the government was considering, we then worked through internally the process of how much we thought each item would cost. After we were in a position where we had a pretty fair handle on our views on it, we then went to the process of discussion with Finance.

Senator FAULKNER—When you were satisfied with your own work, you then went to Finance, and the result is the explanatory memorandum's agreed figures.

Mr Campbell—It is the agreed figures in that.

Senator FAULKNER—In November you said that you wanted to start a program of, to use your words, 'rolling reinforcement' at the beginning of 2006-07. I think I understand what 'rolling reinforcement' is, but, for the benefit of the record, could you just define that for us?

Mr Campbell—I think that was in the context of two issues. At the time of those estimates the bill had not been introduced into the House. I think we were talking in May about two measures: the potential timing of the close of the roll and the issue about proof of identity for enrolment purposes. As I said, we were talking in more general terms there. The bill is now on the table in the House, so we know what is being proposed. What I was referring to—I do not know whether I actually used the term 'rolling reinforcement', but if it is the transcript I am sure I did—was basically reinforcing and, if you like, giving a message that was starting to be understood by the electorate as to the change requirements of proof of identity for enrolment and what would ultimately be a shorter period of time for people to enrol or change their enrolment details after the issue of the writs when the next election is called.

Senator FAULKNER—My understanding is that the first leg was effectively an attempt to inform electors about obligations to enrol to vote. The second element, or leg, was the updating of existing enrolment details. We may be saying the same thing.

Mr Campbell—I think we are. There are two elements to it: one is the status quo and two is the changes that will flow from the passage of the bill. I think we also talked about the fact that, even with the status quo, we have some reservations about how well the message is sometimes understood. But certainly, with regard to the changes, we would want to do a fairly informative and influential program over time to make sure that people are aware of their requirements, of their obligations and of the changes that were flowing through from the passage of the bill.

Senator FAULKNER—Understanding that, what action have you undertaken to try to meet that objective?

Mr Campbell—The bill is not yet law, so, in effect, we will not do any activity until the bill passes the parliament and gets royal assent, as you would expect.

Senator FAULKNER—As I read it, you were suggesting that the program would begin at the beginning of 2006-07. Are we speaking about the financial year 2006-07?

Mr Campbell—I think part of that exchange was in response to some questions from Senator Murray at the last hearing. There are two elements to it. Obviously there is the timing of the amendment to the act, because we would not want to go out until the act is agreed by the parliament and gains royal assent. The second element to that—and proof of identity is a big part of it—is that we estimate that the changes that we will require, particularly the systems changes and dealings with the states, will take some months to put in place. The current bill has a provision that says eight months after passage is when the new proof of identity for enrolment takes effect. I am not in a position to give a definitive time as to when we will do things, because in large part it depends on the bill's passage through the parliament.

Senator FAULKNER—And that is dependent on the date of assent.

Mr Campbell—No, the date of passage, in most cases. The proof of identity is eight months from the date of passage. There are various provisions. Some take effect from the date of passage and some from the date of royal assent.

Senator FAULKNER—Understanding that, my question goes to whether, in anticipation of these possible changes, there is preplanning work going on now at the AEC.

Mr Campbell—Yes.

Senator FAULKNER—Perhaps I am better asking my question in that form and you could very briefly give us a status report of your planning work.

Mr Campbell—You are probably aware that in past years, in the three-year cycles, the AEC has set up a contract with an advertising agency and with a public relations agency. After the 2004 election, during 2005, we went to tender. We have signed contracts with two agencies. In December I had a small meeting of AEC staff at all levels, given the very important role that the divisional officers will play in all of this ultimately, to work through some of the main themes that we wanted. In January we had an all-day meeting with the advertising agency and the public relations firm, setting out what we expected would flow if the bill was passed as currently drafted, and our requirements and some of the thoughts that

we had for later in 2006 and the whole of 2007. We are now waiting for them to come back with some further thoughts.

Senator FAULKNER—Are you keeping JSCEM across this plan?

Mr Campbell—I have not written to JSCEM in the detail I have just given to you, but there has been some correspondence between me and the former chair of the committee. I understand that the chairs have changed in the last week. I had a meeting with the former chair in December, in Melbourne, to take him through the breadth of what the AEC was doing on the various recommendations that were in our court from JSCEM. It would have been mentioned in that context, yes.

Senator FAULKNER—Is there any planning specifically in relation to young Australians and Australians from non-English-speaking backgrounds in this work?

Mr Campbell—Yes. A very important element for us is to get our targeting correct. My view is that in past election events we have had a broad advertising campaign that may not at times have been targeted as well as it should have been. So youth and people whose first language is not English—which is a slight clarification of your question, because we think that probably it is the biggest issue for those communities where English is not the language spoken at home—will be major targets.

We have done a research study—we have not released it yet—on an exercise we did in Port Adelaide during the last House of Representatives election. What this study appears to be finding is that we do not have the same issues arising in the same way in non-English-speaking background communities. In that exercise we sent letters out and we then watched what happened at particular polling booths in the division. What we appear to have found is that there was no correlation for informality with people from several non-English-speaking backgrounds who received letters but there was with some other communities. We targeted the letters at people of Greek, Italian and Vietnamese backgrounds. For people of Greek and Italian backgrounds there was no significant experience of changes in informality. But for those booths where we know the voters received letters in Vietnamese about informality, the informality dropped. That tells us we need to be looking at different groupings and maybe having different messages with groupings.

Senator FAULKNER—When is this study going to be published?

Mr Campbell—If it is not ready to go out in the next day or two it will be in the next week. It is imminent.

Senator FAULKNER—You are going to make it public.

Mr Campbell—Yes, most certainly.

Senator FAULKNER—Is the AEC going to launch it?

Mr Campbell—No, we will put it on our website and we will write to various people telling them it is available. The normal thing is that I write to the minister, the opposition spokesman and the chair of the Joint Standing Committee on Electoral Matters and I give it the party secretariats and draw their attention to it, as we do with all these sorts of research studies. That is just an element of how we are trying to become more targeted rather than across the board.

Senator FAULKNER—Depending on what occurs with the legislation and as we move through the political cycle, I am sure this is something that both I and my colleagues on the committee will want to focus on.

Mr Campbell—It may help to let you know that we will be releasing a second study at the same time. It is on the informal voting in the Werriwa by-election 12 months ago. It also has some interesting outcomes. As you might recall, the informality there was almost double that at the general federal election. We did quite a detailed analysis of the ballot papers, which is unusual. We actually went and looked at the ballot papers and put them into a number of categories of informality. There are some interesting messages there too that I will be wanting to target and to talk to the parties about.

Senator FAULKNER—Since the committee last met there has been a change of minister, as you would appreciate. Mr Nairn is the new minister. I read an article a couple of weeks ago in the *Canberra Times* indicating that Mr Nairn had a priority to look for the passage of the legislation introduced last year that we have just been speaking of. He then said that ‘later he would take a closer look at voluntary voting and electronic polling booths’. Just so I am clear on the electronic voting issue, on the policy side, as far as the AEC is concerned, has there been any activity generated in the AEC on that issue over recent times that you might care to bring the attention of the committee?

Mr Campbell—Yes, we have done quite a bit of thinking about e-voting or electronic voting.

Senator FAULKNER—No, I am going to leave that because of time constraints. I was talking about voluntary voting issue. There were two elements of the one question.

Mr Campbell—I am sorry, I thought you said e-voting not voluntary voting. No, we are not doing any work at the moment on the question of voluntary voting.

Senator FAULKNER—No work has been generated within the AEC?

Mr Campbell—The minister has not raised it with us in any formal sense.

Senator FAULKNER—That is fair enough. Just so I am clear on this—I am a bit outdated on these issues now, I suppose—does the AEC currently itself have a policy position on voluntary voting?

Mr Campbell—Not at the moment, no.

Senator FAULKNER—It has had in the past, hasn’t it?

Mr Campbell—It may well have had in the past. We have the role of administering the legislation. The legislation has certain conditions about enrolment and voting and we administer those.

Senator FAULKNER—Has the AEC had a policy position on it?

Mr Campbell—I am not aware; as you know, I have not been in the AEC that long—

Senator FAULKNER—I appreciate that.

Mr Campbell—My colleague on my left, my deputy, who has been in the AEC for 22 years, I think is saying no.

Mr Dacey—Certainly in my 22 years I am not aware of an AEC position or policy on voluntary voting.

Senator FAULKNER—So we do not think there has been one?

Mr Dacey—No.

Senator MURRAY—I suggest a correction, because I have now sat through four reviews of four elections and not once has the AEC recommended that it should be overturned. Generally speaking, the AEC does address issues it does not like in the legislation it administers, so I suggest to you that, at least passively, you have been supporters of the regime which applies at present and not opponents.

Mr Dacey—I guess we would be supportive in terms of administering the law as it currently stands, but we really do not have a position.

Senator MURRAY—Except that you administer the law in other areas and have criticised that law.

Mr Campbell—I should not speak for prior to my time, but certainly what I am trying to do in the commission is ensure that, where we make those sorts of comments, they are trying to inform the debate about administration. There are certain aspects of most pieces of statute where the actual fine detail of the words does not always make administration easier or, indeed, logical or sensible. That is what we would be more addressing.

Senator BRANDIS—Wouldn't it be a fairer characterisation of your position to say that, because the current law makes voting compulsory, it is of course the AEC's position and part of its job to do its utmost to encourage people to obey the law and to enrol and vote?

Mr Dacey—Yes, that is certainly our position as the law stands.

Senator BRANDIS—Yes. It would be an overreading of that position to say that the AEC endorses compulsory voting, wouldn't it?

Mr Campbell—If by overreading you mean 'reading more into it than they should'—

Senator BRANDIS—Yes.

Mr Campbell—yes.

Senator FAULKNER—I think we have established whether you have a policy position on voluntary voting. Mr Dacey, I might direct the next question to you because of your corporate knowledge in this area. My understanding is that, for a substantial period of time, the AEC has flagged concerns with overseas donations to political parties. That is the case, isn't it? I am going on my recollection, but I do not want to do that. I want to be clear.

Mr Dacey—I think in certain submissions and things in the past some concerns have been raised.

Senator FAULKNER—Is it fair in this instance to say that you have a policy position on that issue?

Mr Campbell—No. I think it goes back to the exchange we were just having. If I were making a comment about overseas donations, my comment would be, 'How easy is it to administer, how easy is it to check where the source of the funding is, and does it fit into our

disclosure regime?’ I would come at it from the point of view that the statute has a disclosure regime—therefore, is there an issue with regard to any form of donations that the disclosure regime does not really fit? I do not feel it is for the AEC to have a view on whether it is appropriate that particular organisations can or cannot donate or on where they are actually located.

Senator FAULKNER—That is interesting, because my understanding is that the AEC actually has said that in the past—it has expressed concerns about donations sourced from overseas.

Mr Campbell—I am saying that if the AEC now expressed that view it would be expressing a view about whether there was an issue for the administration of fitting the disclosure rules, not on the rights or wrongs of the issue as to whether it is appropriate for an overseas individual or body to donate to an Australian election campaign. That is not an issue on which I think the AEC should have a view.

Senator FAULKNER—You have given that evidence, and I accept that that is the case. That does represent a change, doesn’t it? That is all I am trying to find out.

Mr Campbell—I think there have been times in the past when the AEC has made comments about donations, but I think you would have to go back and look at the fine detail as to whether they were talking about the administrative issues flowing from that or whether they were talking about the so-called rights or wrongs. I think we would have to go back and look at what was said in the past. I do not know.

Mr Dacey—My recollection as well is that when we have brought things to the attention of committees in the past it has certainly been in relation to administrative issues—particularly those issues to do with compliance—with overseas donations. I am happy to take on notice whether we have had another position, but I am sure the focus has been on the difficulties we have with administration.

Senator FAULKNER—Thanks to both of you for that—that is helpful. Perhaps you can check that.

Mr Campbell—We will do that.

Senator FAULKNER—The thrust of what I am saying is that it is certainly a different category to the voluntary voting issue—there is no doubt about that. I have seen submissions in which historically the AEC has addressed the issue of overseas donations and expressed concern, but you may well be right and maybe they were about administrative issues as opposed to, if you like, a broader policy concern. But if you would not mind, and if it is not too difficult, checking that on notice, I would appreciate it.

Mr Campbell—We will do that.

CHAIR—If I can interrupt for a moment, it is difficult, I know, for officials to answer questions relating to policy in any case and generally we do not ask them to do so. But your answer is, I assume, that it is an issue with respect to the difficulty of administering certain policy decisions.

Mr Campbell—I cannot talk about some of the historical things—we will check those. What I am saying is that if an agency likes ours makes comments on a policy—and

sometimes those comments may not always be well worded—in a sense our first obligation is to explain whether or not we think we can administer it and whether it makes for logical administration.

CHAIR—Whether it is voluntary voting or anything else.

Mr Campbell—That is right. I do not see that my role is actually about setting a ‘purer than thou’ policy position.

CHAIR—I wanted to put that because none of us here expect you to pronounce on pure policy matters—it is not your role, and none of us will put you in that position.

Senator FAULKNER—On that, I wanted to raise a third example. If I can take your mind back to the JSCEM report of the 1998 election, I dragged out some evidence that made it quite clear that in 1998 the AEC did not support raising the disclosure threshold for receipts to \$10,000. I am not going to ask about a highly partisan issue here, but I want to get this clear. The relevant paragraph in the JSCEM report was 5.18, and I can quickly quote it if that would help. This is the JSCEM’s wording; obviously, it is not the AEC’s wording because I do not have the source document—I want to be very clear about that. Paragraph 5.18 of that report reads:

The AEC points out in response that the proposed lifting of the disclosure threshold has the potential to allow substantial donations to political parties to go undisclosed. For example, under the Liberal Party proposal, a party that has separate state branches could receive close to \$90,000 per annum from a single donor without the donation being disclosed. For this reason, the AEC does not support raising the disclosure threshold for receipts to \$10,000.

That seemed to reflect evidence that was provided to that committee at that stage. They are the words of the committee, not the words of the AEC, and I have not had a chance to go and find the words of the AEC—I do not want to waste too much of my time doing so. I wonder whether this tends to point to a policy change, at least since that time, in relation to disclosure thresholds. That is the substance of what I want to ask you. Perhaps you could comment on that.

Mr Campbell—I do not want to make comments about what my predecessors said or what might have been the case in the past. I would go back to a fundamental point and say that I do not think it is appropriate for the AEC, given our role as an administrator, to be having positions about the appropriateness of issues such as whether or not the level of donation should be \$1,500 or \$10,000. That is not a role of the AEC, as far as I am concerned.

The role of the AEC is to administer the disclosure rules set by the parliament; it is to draw out to the public difficulties that we might be having with administration of the rules. Indeed, some people last week raised comments that we are pointing out, ‘That’s the way the act is worded and therefore we can never fully reconcile donors and donees.’ But I do not believe that I or any of my colleagues are in a position to become, if you like, a guardian of what is an absolutely appropriate level or what is not an appropriate level of donation. So, while I am in the current position, we will not be making statements about what is an appropriate level or what is not an appropriate level.

Senator BRANDIS—Could I pursue that last answer?

Senator FAULKNER—I want to do that too, but I am happy to cede to Senator Brandis.

Senator BRANDIS—I am not suggesting that the AEC should change its position at all, but it seems to me that there has to be a commonsense caveat on your answer—that is, if a disclosure threshold were so unrealistically low that it created irrational administrative difficulties or burdens for the AEC then it would be quite proper, wouldn't it, for the AEC to say, 'This is an unreasonably burdensome requirement in view of any policy benefit that might be derived from it'? So you might rationally have a view about the disclosure threshold being too low while observing the purity of your position about the disclosure threshold being too high.

Mr Campbell—I think that is implicit in my answer, basically. For example, going to a hypothetical, if the disclosure limit were \$1, I would be going very quickly to the minister, the government and the joint standing committee saying, 'We could not administer this,' and I suspect that every party and every candidate would be doing the same thing.

Senator BRANDIS—That is what I thought.

Mr Campbell—That was implicit in my answer.

Senator BRANDIS—Thank you.

Senator FAULKNER—I have never seen this particular forum as one for a matter of debate about different approaches to electoral law in this country. We have plenty of other forums to do that. Understanding that, I would simply say this to you: whether or not I agree with the view you have expressed or whether or not I am happy with it—I am not particularly happy with it but I am putting that aside; I do not agree with you on this—

Mr Campbell—Okay.

Senator FAULKNER—Accepting that, doesn't your view represent a change of policy in relation to the AEC in its approach to disclosure thresholds?

Mr Campbell—I suspect it does reflect a change in the public utterances of the AEC. The reason I draw a distinction between that and your question is that I do not see anywhere in the act where it says that the AEC has a responsibility for policy in those sorts of issues. So, even when the AEC might have made comments like that in the past, it is more about making public utterances on policy issues than actually putting a policy position.

Senator FAULKNER—I understand that. But there might be something that utterly offends the integrity of the electoral system. One of the great cornerstones, the great strengths, of Australia's electoral system is the fact that we have, and we should have, an independent Australian Electoral Commission. That is the cornerstone and I am sure you absolutely accept that. As I said, it is a great strength of our electoral system. So if the AEC sees something that offends it—in any area, whether it be in relation to disclosure or broadly in relation to the integrity of the electoral process—I would want the AEC to be right out there and saying so. I am not sure that the distinction that you draw is necessarily one that I would accept. If the Australian Electoral Commission believes that electoral law needs to be changed in some way to protect the integrity of the system, if it sees weaknesses or faults or has concerns about the integrity of the system, I would want the AEC to say to parliament, the minister or the Joint Standing Committee on Electoral Matters, 'Here are our concerns.' This may be a different

view to the one that you have—I am not sure—but I would want the AEC to be extremely proactive in that regard.

Mr Campbell—You used the word ‘integrity’ a couple of times in your question-statement. I accept that. I will defend integrity and I will speak quite openly in public on integrity issues. I was saying—perhaps a little bit softly, and I will make the comment a little stronger because I think we need to; and I think Senator Brandis’s question came at this in one sense—that I do not believe that the AEC has a pre-eminent view about either what is the appropriate level of donations or, indeed, if a fundamental integrity issue flows from a change from one dollar value to another. That is all I have been saying.

Senator FAULKNER—And I understand that. As I said, I think you and I disagree on this issue. I do not want to get into the debate about that. All I wanted to be clear about before this committee is that I think that the view you represent on behalf of the AEC to the committee in relation to disclosure thresholds is a different view or, in the words I have been using hitherto, a policy change for the AEC. I think that is a fair thing to say and it is the only issue I am canvassing. I am not going to go on to canvass the rights and wrongs, because I suspect you and I are not going to agree on that.

Mr Campbell—No, and that is why I gave my clarification. I think the word ‘view’ is probably a little bit better than ‘policy position’. But, if you are using those terms interchangeably, I think the answer to your question is ‘yes’.

Senator MURRAY—This issue is particularly sensitive because the parliament and the public want the head of the AEC to be absolutely independent of the government of the day—and I am not suggesting that you are not. We as senators deal with heads of agencies who are markedly different from departmental heads, such as the heads of APRA, ASIC or the ACCC, and their independence is never at question. At times, they will indulge in constructive criticism of the regime they manage, in the public interest. I would put it this way: we as a committee would always seek to be guided in constructive criticism of the act if it is not operating effectively. I accept that you say that you would not criticise the general intent of parliament, because you are given that and that is what you work with. That is entirely proper, but we would always expect you to say, ‘Look, what you are suggesting is not workable, it affects the integrity of the system or it could be improved this way.’ I assume we are not talking past each other in that respect.

Mr Campbell—No, and, as I have indicated, you will get that from me. But there are some issues where I think there have been attempts to draw me into a public debate on issues that I think do not flow from my responsibilities or my knowledge—indeed, on the issue we have just been talking about. I am not saying that anybody here has tried to draw me into it—nobody has—but there have been some people who have tried to draw me into the political debate as to whether \$1,500 is right or wrong or \$10,000 is right or wrong, and I am saying that I am not going to be drawn into that debate because I do not think it is relevant to my role, particularly when you take the answer that Senator Brandis drew out of me—that is, there is an element of degree in all of this as well.

Senator FAULKNER—I just read a number of articles—I do not know if they are accurate or not—suggesting that a donation made by Lord Ashcroft to the Liberal Party was

the biggest single donation ever made to an Australian political party by an individual. I do not want this to sound too much like a trivia quiz, but I just wondered if you could tell us whether that was actually true or not.

Mr Campbell—I will ask Ms Mitchell to come to the table with the history of that, but I think the answer to your question is that for as long as we have got records, yes.

Senator BRANDIS—Wasn't there a political donation promised to the Labor Party by the Baath Party in 1975, Mr Campbell?

Senator FAULKNER—But you see, Senator Brandis, you actually have to get the money.

Senator BRANDIS—That was your problem, Senator Faulkner: you did not close the deal. That was why you went to Khemlani.

Senator JOYCE—AWB knows about this issue.

Senator FAULKNER—Be fair—Senator Brandis is well aware that the Khemlani issue is very different to what he is referring to.

Senator BRANDIS—I am well aware.

Senator FAULKNER—As I said, you have to get the money, so I don't think it really quite counts.

CHAIR—It is the thought that counts.

Mr Campbell—Lord Ashcroft's is the largest donation.

Senator FAULKNER—I did say, Ms Mitchell, and I was quite serious, that I do not want this to sound too much like a trivia quiz. But, given the evidence of Mr Campbell and that Lord Ashcroft's donation is something which has repeatedly been, as you would appreciate, in the media, I was wondering what the second-largest donation was, when it was received and who gave it.

Mr Campbell—By an individual or an incorporated body?

Senator FAULKNER—I think the point made about Lord Ashcroft's donation is that it is the biggest individual donation. That is my understanding.

Mr Campbell—So you want individual rather than—

Senator FAULKNER—Yes.

Ms Mitchell—I would probably have to take that on notice.

Senator FAULKNER—That is a fine thing to take on notice; nothing really hinges on it. However, the Lord Ashcroft donation—here's the rub—is obviously an overseas donation. I think you would accept that, Mr Campbell. Getting behind such a donation really does stretch the limits of Australian electoral law. Although I think it will be a fairly short report, I am going to ask Ms Mitchell in a moment to go through the usual report that she provides to us on a regular basis about her work in the commission. I think we are all quite grateful that, it seems, the matters under investigation are reducing in number. That is good. But Ms Mitchell in that responsibility does have a capacity to get in behind donations and examine issues. With overseas donations it is of course a very different situation, as you would appreciate, Mr Campbell; and there's the rub. Is that a matter of concern? I do not want to make it specific to

Lord Ashcroft's donation, but that is one of the key problems with donations that are sourced from outside Australia, isn't it?

Mr Campbell—I have been quite interested to observe the debate that started to come about once we released our report on 1 February. But I suppose my first step would be, if I were asked, to make it quite clear as to what is and what is not available under the act. That would be the first step I would take, rather than voicing an opinion about the appropriateness or not of a particular donation. Other countries of course have different rules to us. Some have similar and some have different rules.

Senator FAULKNER—But, hypothetically—this is a hypothetical question and I hope you accept it in the spirit in which it is asked—if you wanted to investigate how Lord Ashcroft had obtained the \$1 million that he donated to the Liberal Party in the last campaign, you could not do it, could you? That is the point.

Mr Campbell—Going back to our debate a few moments ago about what we have said about things, we found, while you and I were talking, that in our first report after the 1996 election the AEC did raise issues about the adequacy of the legislation in being able to administer overseas donations. But we have also at various times raised questions about the difficulty we sometimes have doing checks in our own country, let alone overseas.

Senator FAULKNER—Checks in your own country may be difficult, and sometimes you have been stymied—I accept that. But the point is that you do have a great deal more legislative clout and authority to get in there and have a good look around.

Mr Campbell—But we still get stymied at times.

Senator FAULKNER—Sure, but you accept that general point. Ms Mitchell, could you very briefly give us your usual status report?

Ms Mitchell—As I indicated last time, there were several issues that relate to whether organisations were associated entities: Australians for Honest Politics, the Fair Go Alliance, and some organisations that had connections with the National Party. All of those matters are finalised and the advice is up on the website. With regard to issues in relation to whether disclosures had been correctly made in relation to Minister Ruddock and the Liberal Party in New South Wales and former Senator Bolkus and the ALP in South Australia, those matters have been finalised and the advice is on the website. Then there were three matters in relation to the Liberal Party in Queensland, two that related to the Ryan FEC, one in relation to a \$10,000 amount to Mr Johnson, one in relation to a dinner apparently attended by Mr Ricky Ponting, another matter in relation to Mr Laming, and a gift in kind of office space. All of those matters are finalised and the advice is on the website.

Since last Senate estimates we have finalised consideration of issues in relation to whether an organisation by the name of GetUp and one by the name of Bennelong Institute were associated entities. The advice on that matter is now on the website. Currently under consideration is a reference from the Finance and Public Administration References Committee arising out of their inquiry on regional partnerships and sustainable regional programs in relation to possible donations from Mr Maguire to Mr Windsor. That is under consideration at the moment. The more recent matter that we have got under consideration is

a matter raised by Mr Thomson in relation to compliance with section 311A of the Electoral Act with agency annual reports.

Senator FAULKNER—Let us summarise that and say that you have actually got two live matters now.

Ms Mitchell—Yes.

Senator FAULKNER—There is the reference from the references committee of the Senate and Mr Thomson's reference—just the two live matters. Is that a record small number of live matters?

Ms Mitchell—In my experience, yes.

Senator FAULKNER—That must be some relief to you.

Ms Mitchell—It is, Senator, yes.

Senator FAULKNER—In relation to the issue of the discovery of the 300 postal ballots in Fadden, when I was last across this—which is quite some time ago, I would have to admit—my recollection was that you had appointed an investigator, a former public servant, I think, and I cannot remember who it was—

Mr Campbell—It was a Mr Ian Lindenmayer, who is a retired public servant. He had been a deputy secretary in the Department of Health and the Department of Employment, and his last position before he retired was the chief executive officer of the Australia New Zealand Food Authority.

Senator FAULKNER—What was his remit? What were his terms of reference for this?

Mr Campbell—At the same time as I discovered the issue of the 300 postal votes, a number of other issues were raised with regard to one of the people affected. He had a remit to look at a number of issues under the Public Service Act code of conduct to investigate and provide a report to me.

Senator FAULKNER—So his was an APS code of conduct inquiry, was it?

Mr Campbell—It was indeed, yes.

Senator FAULKNER—Are there any other inquiries relating to that or has the action been limited to a code of conduct inquiry?

Mr Campbell—I do not want to use the term 'limited'. There was an investigation under the code of conduct, and during that we worked through exactly what happened as best as it would ever be found in any form of investigation. We know what happened, as best as we would ever find out. Then there was an investigation and recommendations under the code of conduct of the Public Service Act.

Senator FAULKNER—Can you give us a quick status report on where that inquiry is up to.

Mr Campbell—Mr Lindenmayer provided me with his report just before Christmas 2005. He made a series of recommendations in his report. I considered his report, accepted his recommendations and then took action under the Public Service Act.

Senator FAULKNER—What were his recommendations?

Mr Campbell—He found that there were a number of breaches of the Public Service Act code of conduct and a number of allegations that were made which were not breaches. So he made recommendations in respect of two officers of the AEC that were varying in their severity, and I accepted those recommendations. People in the agency know who at least one of the officers was. I would rather not go public about what penalties were imposed, but I am quite happy to do that privately or in camera.

Senator FAULKNER—I am not going to take the committee in camera under any circumstance, so we will not be going there. I have to say to you that I think the committee is entitled to know that information. I am not going to actually ask the question, but I would not have too much compunction in doing so. It may be slightly embarrassing, but that is the way it goes. However, I am not going to ask it.

Mr Campbell—I appreciate that. Perhaps if I—

Senator FAULKNER—I am not going to ask it, so you do not have say anything. Is the matter concluded?

Mr Campbell—From the point of view of the action taken, which was quite serious, the officers concerned both have the right of appeal through the Merit Protection Commission. At this stage, as far as I am aware—and I would not necessarily be aware if they had—neither of them have yet availed themselves of that avenue.

Senator FAULKNER—So as far as you are aware, the matter—

Mr Campbell—As far as my responsibilities go in terms of what I consider to be a very serious falling down in our procedures and our behaviour, the action has been completed.

Senator FAULKNER—And you do not want to tell the committee what the recommended penalties, which have been implemented by you, were. Is that what you are saying?

Mr Campbell—Yes.

Senator FAULKNER—That is what I think you need to explain to us—not what the penalties were, but whether you have actually—

Mr Campbell—As I said, the investigation in the end came down to the question of code of conduct breaches by two officers of the AEC. Mr Lindenmayer made recommendations after a full investigation in respect of two officers of the AEC. He made recommendations as to what sanctions I should apply under the Public Service Act code of conduct—and as you know there are a series of gradations of those. I accepted his recommendations in total and I applied the level of sanction to each of the officers that he recommended.

Senator FAULKNER—The sanctions have been applied.

Mr Campbell—The sanctions have been applied, and were applied in January.

Senator FAULKNER—You are also saying to us, and I think that this is important for the record, that you feel—and you are basically advising me—uncomfortable about saying what those sanctions were because the officers concerned are easily identified in your organisation. Is that a fair way of putting it?

Mr Campbell—One of them is particularly easy to identify. To be fair, people in the agency would know the sanction that has been applied to that officer. I suppose what I am

reluctant to do is to say it in a public forum, because it might therefore end up in a newspaper in Queensland. That is why I am reluctant. I am not reluctant about saying non-publicly what the sanction was, because it is known within the agency because it is a quite obvious sanction.

Senator FAULKNER—I assume you are saying to us that you do not feel that it is in the interests of the Australian Electoral Commission, for that matter, for this to be canvassed publicly at this hearing.

Mr Campbell—I am also conscious of the officer concerned.

Senator FAULKNER—Yes.

Mr Campbell—There has been quite a substantial penalty imposed.

Senator FAULKNER—I accept your advice. I am accepting, but it is a matter for other committee members if they wish to follow it through—you can never tell around here. Soon we will pass the ball to Senator Joyce to do his first hit-up, but just quickly, we have had a couple of party branches deregistered of late. I am not quite sure whose responsibility this is. Whose—

Mr Campbell—Probably Ms Mitchell, but we will see where the question goes.

Senator FAULKNER—Senator Murray, I do not really want to mention this, but the Tasmanian Australian Democrats fell to the sword, as you would be aware. Is that right—the Tasmanian branch?

Ms Mitchell—That was in the Tasmanian election.

Senator FAULKNER—Are they all listed on the website?

Ms Mitchell—All the parties that are registered and all the ones that have been deregistered are listed on the AEC website.

Senator FAULKNER—How regular is the deregistration process?

Ms Mitchell—We have a power under the Electoral Act to review the ongoing registration of political parties. We go through that process once between elections. We have been through that process subsequent to the 2004 election. We have just about finished the review that we commenced subsequent to the 2004 federal election.

Senator FAULKNER—Of all parties?

Ms Mitchell—Yes.

Senator FAULKNER—If a party fails to meet the registration requirements, they are immediately deregistered and listed?

Ms Mitchell—Yes. There are appeal rights under the act, but they are immediately—

Senator FAULKNER—It is an immediate public listing?

Ms Mitchell—Yes, it is. The advice goes on the website. They are removed from the registered list and put on the deregistered list.

Senator FAULKNER—What is the total number that have been deregistered since the 2004 election?

Ms Mitchell—I do not have the figure with me. Off the top of my head, it is about half a dozen, but I would have to check that for you.

Senator FAULKNER—The obvious question is: which ones are they? But you do not have that. Don't guess. If you do not have it, take it on notice.

Mr Campbell—We will take it on notice.

Ms Mitchell—I will have to take it on notice.

Mr Campbell—There are only six or seven.

Senator FAULKNER—I know it is a comparatively small number.

Senator MURRAY—Regarding the Tasmanian Democrats, that is a state matter.

Ms Mitchell—It does not apply at the federal level. There is only one registration of the Australian Democrats.

Senator FAULKNER—But I think that recently they hit the fence, but that might be wrong.

Senator MURRAY—The wall, is more like it.

Senator FAULKNER—Fair enough. I had a couple of questions, but in the interests of ensuring that Senator Joyce has time—he is yawning; I must be boring him—

Senator JOYCE—Yawning with excitement.

Senator FAULKNER—I have just a few questions on school and community programs. They are straightforward questions. I think they are appropriate ones to place on notice, if that would suit the commission and the committee.

CHAIR—That is okay.

Senator JOYCE—I am aware of what a political party is under the Electoral Act: it is for the purpose of promoting a candidate to the Senate or the House of Representatives. How would you actually perceive what a political party is in its ordinary operations in the electorate? Just give me a brief rundown of how you would perceive that in operation?

Mr Campbell—What you mean by 'perceive'?

Senator JOYCE—What would be its actions? I imagine that a group of people operating under one name would be a fair indication that they are acting as a political party—possibly joint press releases; a singular organisation. What would you see as the key indicators?

Mr Campbell—Ms Mitchell is getting the act to give you the relevant definition that is in the act.

Ms Mitchell—'Political party' is defined in the Electoral Act as:

... an organization the object or activity, or one of the objects or activities, of which is the promotion of the election to the Senate or to the House of Representatives of a candidate or candidates endorsed by it.

Senator JOYCE—There is nothing necessarily in there to say that they will have to vote along the same line. They can vote in any way they want, can't they?

Ms Mitchell—There is nothing in the Electoral Act that dictates internal party policy.

Senator JOYCE—I am sure you are aware of it, but I bring your attention to the launch of the Independent Candidate Advisory Network—ICAN—which obviously utilises the member for Kennedy, the member for Calare and the member for New England, who issue joint press releases, pool resources and have a common objective, as they have stated quite clearly, which is to get members elected to the Senate. I draw your attention to the member for Calare's description of ICAN in his media release dated 11 October 2005. He says:

The Independent Candidate Advisory Network is best described as a resource centre, providing advice and support for those seriously considering running as independent candidates at future elections ...

His more recent comment is that 'ICAN is looking at the Senate as well as Reps seats and hopes to have people make a transition from local to state and federal governments'. That was with Charles Wooley in *Across Australia*. Keeping in mind that the definition of a 'political party' in the Commonwealth act is just as you have described, would you say that was a fair indication that, even though they use the word 'independent', they may as well use the word 'pumpkin' or 'aeroplane'? They are obviously acting as a political party—would that be a fair statement?

Mr Campbell—I will answer the question in a slightly different way. They have approached us and we have been giving them advice. Indeed, they had a workshop here on the weekend before last, I think, and three of our staff went along. We are giving them advice about the provisions of the act, about party registration and how Senate rules can work. So in this situation I think it is best to say that we are giving them advice about what the statute says and they are taking that advice on. We have not gone any further than that at this stage.

Senator JOYCE—For all intents and purposes, people out there would be perceiving them as working as a group. They certainly have the same colour in the way they portray themselves. Due to the fact that ICAN are stating their intentions to support, resource and endorse candidates, could it be argued that ICAN's activities could be interpreted as those of a political party?

Mr Campbell—I will go back one step. People do not have to register as political parties. People can be involved in the political activities of this country and not be registered as a political party under the Commonwealth Electoral Act. Ms Mitchell read out earlier the definitions that organisations have to actually meet for us to agree to register them as a political party under the CEA. But my understanding at the moment of the ICAN organisation is that they are a group of Independents who are talking and working together. As I said, we have been giving them some very factual information on the provisions of the act and how things like Senate nomination et cetera work. We have not gone into the situation about whether they might actually be more appropriately called a party. I do not think that is up to us to do at this stage.

Mr Dacey—I do not think the group, from my knowledge, itself is at this stage calling itself or referring to itself as a party. It is still a group of Independents. I think you read out the words 'resource group' or something for that group.

Senator JOYCE—What are their disclosure requirements? Do they have any differences in disclosure requirements from what other bodies would have?

Ms Mitchell—They would not have the financial disclosure obligations that a registered political party would have. The candidates still have financial disclosure obligations under the legislation and any candidate who stands in a federal election has those disclosure obligations. Any organisation, be it an unregistered political party or an association of people who might donate to a candidate, would have disclosure obligations as a donor, but, in relation to the organisation itself, unless it registers as a political party it would not have the disclosure obligations of a political party.

Senator JOYCE—So, in regard to this website, obviously it has been set up in conjunction—it is not really attached to any, it is attached to all. I can see on there the names of the member for Kennedy, the member for Calare and the member for New England. How would you describe ICAN?

Ms Mitchell—I would not. What we are concerned with is what the provisions of the legislation are. I would not describe an organisation that was outside the provisions of the legislation.

Senator JOYCE—So if I were to know someone—and I do not—who wanted to give \$500,000 to help out the ICAN website, what would that \$500,000 contribution be called? It is apparently not a political donation because ICAN is not a political party.

Ms Mitchell—It would not be disclosed under the provisions of the act as a donation to ICAN. It would depend on the way the donation was made and used.

Senator JOYCE—So you would not be concerned by that? I do not mean personally concerned but that in your role it would not concern you.

Ms Mitchell—We would have to look at the effect of the donation.

Senator JOYCE—To help them with their website.

Ms Mitchell—There might be some issues to do with whether what you had effectively done was to donate to the candidate and then there might be some disclosure obligations.

Senator JOYCE—Quite obviously, if there is a website to help promote candidates you are effectively donating to the candidate.

Ms Mitchell—I do not know that under the provisions of the legislation that is the way that it would work out. It is difficult to judge on a hypothetical. You really need to assess on the specifics of the situation.

Senator JOYCE—It seems like an interesting way for other political parties to get around it. We could just have a website and call it the ‘I feel like being a conservative member of parliament’ website and get someone to donate half a million dollars to it. Because it is not a political party—it just has an ethos to promote people who are of a conservative ilk—it would not be a political donation. That sounds like a great idea.

Ms Mitchell—That is the potential under the legislation. All I can tell you is what the requirements are under the act.

Senator JOYCE—It is quite obvious what they want to do—they want to promote independent candidates. They say it is to promote people who want to consider running as independent candidates at future elections. You cannot get anything more explicit than their

intention. I know that you did not write the act, but apparently under the current act that is not considered a political party. I think it should be fair for all political parties. I am sure Senator Faulkner would want to have a website for those who feel that socialism is the way forward for Australia but who are not part of a political party.

Senator FAULKNER—I might feel like that, but websites and me do not mix, even if socialism and me does.

Mr Campbell—I think that it is the associated entity provisions of the act that might come into play here, but we would need to look at those very closely.

Senator JOYCE—Thank you for that, Mr Campbell. That is my next question. Would you consider ICAN to be an associated entity under the act? The EMILY's List official website, under the heading 'What We Do', states:

EMILY's List supports candidates in three key ways:

- Mentoring
- Training
- Money

I believe that under the act EMILY's List is an associated entity. Is that correct?

Ms Mitchell—It is.

Dr Watt—There is a bit more explanation about some of your initial questions that you might find useful.

Ms Mitchell—I think that perhaps what I was not necessarily clear on was that there is potentially a disclosure obligation through the money that goes to the website in donor disclosure obligations.

Senator JOYCE—Who would have to make that disclosure?

Ms Mitchell—The people who gave the money to the website, potentially.

Senator JOYCE—Suppose I am going to give the money to ICAN but I do not want them to know it is me. Is ICAN, or a political website, home free if some lord from England decides that he wants to help out independent candidates and puts forward \$1 million to help build the website?

Ms Mitchell—Anonymous donations can be recoverable by the Commonwealth—

Senator JOYCE—But it is not actually a donation to a political party, is it?

Ms Mitchell—You cannot make an anonymous donation to a candidate either.

Senator JOYCE—But we are not making it to a candidate; we are making it to this construction.

Ms Mitchell—It depends on the effect of the donation. Like I said, the particular circumstances need to be looked at.

Senator JOYCE—The argument is circular. We have determined that ICAN currently is not a quasi-political party or a political party of any form. I know it has not been deemed to be an associated entity. Therefore, a person can make as much of a donation as they possibly

would like for the construction purposes of that website. However, there are no disclosure requirements on them.

Ms Mitchell—Not necessarily, Senator. There are requirements under the Electoral Act for third parties to make disclosures in certain circumstances. So potentially people who donated to the maintaining or the working of the website might have third-party disclosure obligations.

Senator JOYCE—You are saying ICAN has third-party disclosure obligations?

Ms Mitchell—I am not saying it at this stage in time. We would have to look at the specifics of the situation. What I am saying is that there are third-party disclosure requirements and that they might be captured by those provisions.

Senator JOYCE—They might be?

Ms Mitchell—I cannot tell you the exact nature of things at this stage in time.

Senator JOYCE—But at this point in time, the way it stands currently, ICAN is not either a political party or an associated entity, therefore it has really no disclosure requirements. It has managed to slip outside the act.

Ms Mitchell—No. What I said earlier on was that if the activities of ICAN in effect end up being a donation to a candidate then they have got a disclosure obligation there.

Senator JOYCE—They quite obviously are. They are by their own statement:

“The Independent Candidate Advisory Network is best described as a resource centre, providing advice and support for those seriously considering running as independent candidates at future elections,” ...

And this has been underwritten by three candidates, the member for Kennedy, the member for Calare and the member for New England, who sit next to each other in parliament and work jointly and call themselves Independents. If they call themselves Independent that does not counter the argument that they are working together because, quite apparently, they are. They organise together. They have joint press releases. They run under a joint name. If they are not a political party then what are they? A freak of nature that happened to collide in the corridor one day. No, there is much more forethought that goes into that process.

Ms Mitchell—And they may have disclosure obligations as a result of that, but I cannot give you a definitive answer at this stage in time. We would need to look at the issue more closely.

Senator JOYCE—But you have been working with them.

Mr Campbell—No, Senator, we have given them some information. They asked about nomination for the Senate. They asked about—

Senator JOYCE—What would they nominate for the Senate as?

Mr Campbell—No, they just asked about the electoral process of how to nominate. They also asked questions about the process for redistributions.

Senator JOYCE—That fascinates me, Mr Campbell. They asked you a question about nominating—they?

Mr Campbell—Just how the process of Senate nomination can occur.

Senator JOYCE—Who is ‘they’?

Mr Campbell—I am sorry, one of the three Independent members of the House of Representatives asked us that question.

Senator JOYCE—Then it would be ‘he’ asked me, not they.

Mr Campbell—I am sorry: he asked me. Also he asked me—

Senator JOYCE—Was he representing others?

Mr Campbell—No, he just asked the questions. He also asked me the process that would follow for the redistributions that are currently being undertaken in both Queensland and New South Wales for the House of Representatives.

Senator JOYCE—He as a candidate had an interest in other seats that he was not involved in?

Mr Campbell—No, he asked the process for redistributions and I gave him exactly the same information I have given to all parties—that is, the indicative timetable, and the process, which is publicly available on our web and which we have given to all parties. I gave him exactly the same information.

Senator JOYCE—So we have a candidate who is fascinated in getting a senator up somewhere.

Mr Campbell—No, I did not say that, Senator. I just said that was one of the questions he asked.

Senator JOYCE—Well, he must have had interest in it. He was interested just in his own personal regard? He—I can imagine the members for Kennedy, Calare and New England, and it is not too hard to guess—has an interest in having a senator up but for no purpose, just as a flight of fancy and an amusement?

Mr Campbell—I think those questions can be asked in the way they were asked—which was late last year, not long after the press release you are referring to was issued—in the sense of just asking for detail on what provisions there are. By way of being helpful, the commission tries to give people information so that they act in the knowledge of what the act says rather than in ignorance of what the act says.

Senator JOYCE—So they do not stumble over and all of a sudden morph into a political party—which quite obviously they are—and be encompassed and caught by the operation of the act.

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

Senator JOYCE—And I am querying the act, not you personally, as you understand.

Mr Campbell—I understand what you mean.

Senator BRANDIS—I have a couple of questions. I am mindful of the fact that the Joint Standing Committee on Electoral Matters report on the 2004 election has now been published. I know that we have been through some of these issues before, particularly with you, Mr Dacey, but I am interested, in particular, in the conclusions of the committee, which appear on

page 119 at paragraphs 5.59 through to 5.61. I will read the two main paragraphs. The committee concludes in paragraph 5.59:

... on the balance of probabilities, the misleading of voters by the Liberals for Forests how-to-vote card caused the defeat of Mr Anthony.

And I interpolate that that of course is the discussion of the election in Richmond. Paragraph 5.61 says:

... the Committee holds that Ms Elliot—

that is, Ms Justine Elliot, the current member—

... was elected as a result of preferences on the basis of deceptions by Liberals for Forests.

The committee then comes to what might be called an open finding on the extent, if any, of the complicity of Ms Elliot and members of the Australian Labor Party associated with her in view of her and their failure to accept the committee's frequent invitations to appear before it. I think it is an unusual thing for the Joint Standing Committee on Electoral Matters to hold that the election of a parliamentary candidate has been produced by fraud.

I do not need to remind you, Mr Dacey, of the range of evidence concerning, among other things, processes within the AEC which were criticised at the time, including by me, as to its failure to hold that the Liberals for Forests how-to-vote card was misleading and the determination that the how-to-vote card was not misleading on the basis of a black and white facsimile, when one of the features of it that was said to be misleading was the resemblance of the colours to the colours on the government how-to-vote card. Having regard to all of those matters, and having regard to the findings of the parliamentary joint committee, I was merely wondering what steps the AEC is taking both in general and, in particular, in reviewing its own processes as a result of those findings.

Mr Campbell—We are still working our way through those issues, because we want to be in a good position for 2007—when we all anticipate the election to be. The issues that you have raised today and in earlier hearings go to a number of things. They go to how quickly information can be moved around the country—because that is a big issue—and whether or not it can be done by colour.

Senator BRANDIS—Can I interrupt to say that to me alone—others on the committee may not share my view; I am sure the non-government members did not—that seemed to be the standout. To say that a how-to-vote card was all right and was not misleading, on the basis of inspecting a black and white copy of it when it was a coloured how-to-vote card and the colour was deceptively similar, stuck me as shocking.

Mr Campbell—I will answer the question in two layers, as I do not think it is an easy question to answer.

Senator BRANDIS—No, it is not. I accept that.

Mr Campbell—Actually, it is not so much the question; it is the issue. The issue is not going to be an easy one to handle. Firstly, we will look at whether we can—and I am not sure we can in 150 divisions—have provision for colour scanning, so that we can very quickly at a central place view the colour. We will look at what we can do. I am not going to second-guess

which divisions this might occur in or might not occur in. If I do something, I will have to do it in 150 divisions.

The other issue that is also, if you like, working its way through my mind is that of the provisions of what the act does and what the act can do. There are two issues that came out with regard to Richmond, and Richmond was not the only division where this arose—not necessarily with that one party. We had claims about misrepresentation and the colour of how-to-vote cards in divisions other than Richmond.

Senator BRANDIS—There was one in Melbourne Ports, but that was—

Mr Campbell—That was the one I had in mind, and you are aware of it. In effect, the provisions of the act—and this is what we need to be working our way through as we have the debate here—set out some quite clear issues of conduct. So I will speak on both conduct and how-to-vote cards. At the moment section 340 of the act says, ‘The following acts are prohibited, you cannot go within six metres’—I am paraphrasing—‘you cannot canvass for votes, you cannot solicit the votes, and you cannot induce an elector not to vote for any particular candidate, induce an elector not to vote in the election or exhibit any sign relating to the election.’

I am sure nobody has trouble with that, but how can we actually administer it and make sure that we get it right in 7½ thousand polling booths on the day in a 10-hour period? In other words, I am saying that there is a logistic exercise here if people really want to push the envelope. I can recall that at the last Senate estimates there was a comment about how we cannot legislate against conduct; that was one of the points that was being made because some of the poll workers for the Liberals for Forests were being misleading in the comments they were making and in the way they were holding the how-to-vote cards.

Senator BRANDIS—However, the AEC as a regulator ordinarily will act on complaint rather than on its own initiative, so the incidence of complaint is going to be a very small proportion of the 7½ thousand polling places.

Mr Campbell—The fact is that, by the time the complaint gets to us about behaviour that might occur at a particular polling booth in Richmond or in an electorate in Victoria, even if we send somebody out very quickly, we might take two hours or 1½ hours to get a liaison officer out there. That is always going to be difficult. I am not saying that we will not try—and we will have procedures in place to say, ‘If you get that complaint, get a polling place liaison officer out there very quickly’—but I am saying that it is a bit difficult if you are dealing with individual behaviour that can stop just like that.

Senator BRANDIS—Sure.

Mr Campbell—I do not want to go through the debate we had before, but in the end the decision on whether or not a how-to-vote card is misleading has to be taken on the day. That is when we see the how-to-vote cards. The decision on whether a how-to-vote card is misleading is a matter of judgment. We will make sure that those judgments are, as they have been in the past, taken at very senior levels in the commission. They will be taken on judgment but I suppose we have to assume—and this is one question I will be seeking legal advice on before we get to the next election—that an individual who takes a how-to-vote card actually looks at the how-to-vote card and reads it. This comes to a fundamental issue, if you

recall the exchange that we had at the last estimates. We went through it all and you made your views quite clear, but it is a matter of judgment. The how-to-vote card did say ‘Liberals for Forests’.

Senator BRANDIS—I do not want to delay the committee and I do not want to waste your time. I do not want to re-argue the point because your views are on the record, as are mine. I was really merely asking, given that this unusual finding has been made, what the AEC is doing about it.

Mr Campbell—That is what I am coming to. In the end, at the last hour on whatever day in 2007, there are going to have to be judgment calls because we cannot actually say definitively, ‘That is okay with regard to section 329 and that one is not.’ The reason I am going into some detail is that the issue remains that as long as the legislation is worded in the way it is and as long as how-to-vote cards do not go through a process of approval beforehand—and I am not suggesting that, in case anybody thinks I am—we will always have a situation where, on the day, I or a senior officer of the commission will have to make judgments on whether or not something falls within section 329. In other words, human judgment will come into it. We might have a debate in the future in which you agree with a judgment or you do not, but it will be done at a senior level, we will have lawyers there and I will try to ensure that we have the colour.

Senator BRANDIS—That is the point I want to impress on you. It seems to me that what you have said now and what you have said before is that you are taking a linguistic approach. You are saying, ‘Read the words and figures on the how-to-vote card, and if they are not misleading it is not misleading.’ The point I am urging is that you cannot take a linguistic approach. You would have to take a semiotic approach. The whole thing, including the shape, texture and colour of it, is part of the message—not just the words.

Mr Campbell—One of the things I will be doing is going back on legal advice, because I would be—

Senator BRANDIS—I do not think lawyers have the answer here. I think that as an experienced administrator you would know more than the lawyers.

Mr Campbell—But ultimately this will end up in the Court of Disputed Returns.

Senator BRANDIS—It may.

Mr Campbell—The point is that I have to try to be in a position where the decision taken by the commission officer on the day is one that ultimately will withstand scrutiny if it goes to the Court of Disputed Returns. We might have views on lawyers, but that is why—

Senator BRANDIS—I am a lawyer, as you might know, so I am speaking against my own kind here, but I think the vice of lawyers is that they tend to be too literalist.

Mr Campbell—I know you are a lawyer; that is why I made the comment. In effect I have to be conscious of the fact that, while there might be something that on first blush looks dreadful, if in the end we withdraw that how-to-vote card we might end up with a situation in the Court of Disputed Returns. That is a balance that Mr Dacey had to carry out in 2004, and that is a balance that we will have to carry out in 2007. The assurance I am giving you is that I will try to have provision for colour—try—and I will ensure there is very serious and very

senior consideration given to those issues, but I cannot guarantee that there will not be disputes and debates.

Senator BRANDIS—Of course you cannot. All I am saying to you is that you cannot anticipate what shape a dispute may take in the future—that is not possible—but you can seek to ensure that when the dispute comes to be adjudicated there are mechanisms in place so that all of the relevant considerations, not just some of them, are placed before the decision maker.

Mr Campbell—We will not go back as to whether I think that occurred in 2004, because we have that on the record, but the point I want to make tonight—and I accept what you are saying—is that we might still be having debates, because the law is in such a way that it comes down to the judgment of individuals on the day. I would have a process where most of the judgments made by individuals are accepted by all, but I accept the fact that every so often there is going to be a difference of opinion and we just have to try and work that through.

Senator JOYCE—I do not know if this is of any use or whether you want it tabled, but I have here a media release about ICAN. It is a freak of nature. It managed to be put out consecutively by Bob Katter, Tony Windsor and Peter Andren. Their names are on the bottom, and for any further information they have a coordinator, but apparently it is not a political party.

CHAIR—There being no objections, Senator Joyce has tabled that document.

Senator MOORE—Who has responsibility for building codes and amendments for buildings for people with disabilities? Senator McLucas understood that that came in today's hearing, but I cannot find it.

Dr Watt—I was absent when we did the issues of ministerial and parliamentary services and the Australian Government Information Office, but I would be very surprised if the building code issues and responsibility for nursing homes came up there. I am sorry, but I did not hear it anywhere else.

Senator MOORE—Thank you. I will follow it up with Senator McLucas.

CHAIR—There being no further questions for the commission, on behalf of the committee I thank you very much for your assistance.

Proceedings suspended from 6.39 pm to 7.50 pm

Department of Human Services**In Attendance**

Senator Vanstone, Minister for Immigration and Multicultural Affairs

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

Ms Patricia Scott, Secretary of Department of Human Services

Mr Geoff Leeper, Deputy Secretary

Mr Chris Dainer, First Assistant Secretary, Senior Financial Analyst, Delivery Analysis and Corporate

Mr Alex Dolan, First Assistant Secretary, Comprehensive Work Capacity Assessment Division

Child Support Agency – Output 2

Mr Matt Miller, General Manager

Ms Sheila Bird, Deputy General Manager

CRS Australia – Output 3

Ms Margaret Carmody, Acting General Manager

Mr Carl Princehorn, Deputy General Manager Service Delivery

Mr Michael Callan, Deputy General Manager Corporate

Centrelink**Output 1**

Mr Jeff Whalan, Chief Executive Officer

Outcome 1

Ms Mandy Ritchie, Acting Deputy Chief Executive Officer, Customer Service Delivery

Ms Natalie Howson, General Manager, Customer Service Strategy

Mr Grant Tidswell, General Manager, Customer Service Delivery

Mr Brian Silkstone, National Manager, Service Delivery Coordination

Ms Carolyn Hogg, Deputy Chief Executive Officer, Stakeholder Relationships

Mr Paul Conn, General Manager, Employment, Disability and Education

Mr Gary Dunn, General Manager, Families, Seniors, Rural and Community

Dr. Margaret Browne, General Manager, Business Integrity

Mr Greg Divall, General Manager, Welfare to Work Taskforce

Mr John Wadeson, Chief Information Officer

Dr Louise Tucker, General Manager, IT Planning and Refresh

Mr Tuan Dao, General Manager, Core Business IT Systems

Ms Eija Seittenranta, General Manager, Corporate IT Systems

Mr Karel Havlat, Acting Chief Financial Officer

Mr Brendan Jacomb, National Manager, Legal Services

Ms Sheryl Lewin, General Manager, People and Planning

Mr Hank Jongen, General Manager, Communication

Mr Bob McDonald, General Manager, Centrelink Audit and Risk

Medicare Australia – Output 1

Ms Catherine Argall, Chief Executive Officer

Ms Joanna Davidson, Deputy Chief Executive Officer

Ms Philippa Godwin, Deputy Chief Executive Officer

Ms Ellen Dunne, General Manager, Customer Services Division

Mr David Trabinger, General Manager, e-business and Development Division

Dr Janet Mould, General Manager, Program Review Division

Mr Nic van den Berg, General Manager, Information Technology Services Division

Mr Craig Dalzell, Chief Finance Officer

CHAIR—I call the committee to order and welcome officers from the Department of Human Services. Before I invite general questions, Ms Scott, do you have an opening statement to make?

Ms Scott—No, thank you.

Senator CHRIS EVANS—My questions are over your core department. Firstly, they go to the question of the implementation of the Parkinson report and the minister's public commentary that he thought it unlikely that the changes could be implemented even by 1 July 2007. I guess I am seeking an update on that, whether he has been reported correctly and whether there is any official decision to that effect. We have discussed this before and I certainly discussed it with the previous minister. I gather there are a lot of IT type issues et cetera. Perhaps you could tell us where we are up to with that.

Ms Scott—The government still has under active consideration its response to the Parkinson report. Once the government has finalised its deliberations, there will be the preparation of legislation, which will be prepared by the Department of Families, Community Services and Indigenous Affairs. I expect that will take some time. Then there will be the planning for and the implementation of new systems—the Parkinson changes—depending on what the government finally decides on. We think that could be a very substantial task. We think that it could take between 12 and 15 months in total to have the information back from the clients in order to feed into what could be quite a different formula.

Senator CHRIS EVANS—There are two issues. The first is a question of the legislation and the second is the management-IT function. In terms of the legislation, we have a whole year of parliamentary sittings. The previous minister, Senator Patterson, was talking about hoping to have that in the parliament and through the parliament by the end of June this year. Is that realistic? She said that would be a bit of a struggle—I am not sure whether that was privately or publicly—and admitted the difficulties even with the legislation. I am not trying to verbal her, but I know there are difficulties.

Ms Scott—Because the responsibility for policy rests with the Minister for Families, Community Services and Indigenous Affairs, those questions are best directed to her department. We are responsible for the service delivery, so it is really the aspects relating to implementation that I am best able to answer your questions on.

Senator CHRIS EVANS—That is good, because that is what I wanted to concentrate on. Having dobed yourself in, off we go. Why can't we do it any quicker than that? The government has promised reform. I am getting thousands of emails from people saying, 'You

promised us this,' and now we are talking about 2008. It has clearly hit a nerve in the community. I am sure Mr Hockey is getting a fair deal of feedback on that. Why do they have to wait for so long?

Ms Scott—It all depends on what the final deliberations of the government are. When the government has finalised its deliberations we will have a better indication of the extent of the system build. But the Parkinson report at face value would present very considerable systems changes. Effectively it would be a new build of the system and that will take a very considerable length of time. It is not as though it is a small adjustment to an existing arrangement.

Senator CHRIS EVANS—I understand that argument but I want to delve below that as to why. I doubt whether the Parkinson report will be adopted in the whole. There will be a debate in the parliament—fine—but essentially I suspect that will be around the margins, but I may be wrong. I accept that you have to wait for the legislation before you know that, but I guess I am trying to understand fundamentally what it is that is so different and what it is that would require so much work.

Ms Scott—If the formula were adopted along the lines that Parkinson recommended, there is information in that formula that the Child Support Agency does not currently have. It is a new set of information and a new set of calculations. I will call to the table the CEO of the Child Support Agency who can elaborate.

Mr Miller—To build on the secretary's remarks to give you some greater depth, our estimates are that at least a 12-month build time would be needed for any systems redevelopment. I think that if the government were to adopt the Parkinson report, as you have intimated, even with small changes it would take time. The other issue that would lead to what we estimate to be at least a 15-month implementation time frame is the fact that virtually every parent in the current system would have new assessments requiring to be issued and our estimate is that that would be a three- to four-month process. There would also be major staff retraining that we estimate, again, as a three- to four-month process. That cannot really commence too much in advance of the finalisation of the new system, which, according to our initial estimates, is probably a 50 per cent rebuild of the current system. We have seen and sought advice quite extensively on our estimates in terms of that 12-month time frame and that sort of time has been confirmed as appropriate.

Senator CHRIS EVANS—So is it 12 months or 15 months?

Mr Miller—Twelve months for the IT system and then there is at least a minimum of three months in terms of writing to all parents and undertaking staff training and development.

Senator CHRIS EVANS—So the assessment of the parents and the training can occur at the same time?

Mr Miller—Sure.

Senator CHRIS EVANS—What is it that you need to assess them for with this new set of information? What is it that you do not collect or have access to currently that you would have to do under the proposed new models?

Ms Scott—It depends entirely on what the final deliberation of the government is and of course the passage of the legislation. The proposed formula by Parkinson is distinctly different in terms of thresholds and the share of the costs between parents.

Senator CHRIS EVANS—I know that it is hypothetical but you have obviously done your maths on the implementation and worked it out. I am not trying to pre-empt the parliamentary debate; I am just trying to understand what it is that triggers this. The thresholds are different but on the face of it that does not seem a particularly complex change, but I may be completely wrong.

Mr Miller—One of the other key areas recommended by Parkinson but yet to be determined concerns issues around the amount of shared care. The amount of shared care will change quite significantly compared with the current formula and we would need to collect data on that. So we envisage a process of having to write to all parents for a lot of that data, and then load it into the new system—

Senator CHRIS EVANS—But don't you have information currently on the number of hours of care for each partner anyway?

Mr Miller—Not to the degree of fineness that is contemplated in the current system.

Ms Scott—Also there is the interaction with the family tax system and those complexities would need to be built into the system—the interface between the two systems, the CSA system and Centrelink.

Senator CHRIS EVANS—That was the one that I thought might have been a key problem. That is the one that first struck me. Is that a major part of the problem?

Mr Leeper—There are a number of dimensions of the Parkinson recommendations that are fundamentally different from features of the current system. It would take a couple of minutes to step through them all, and it is a real memory test. Ms Bird may have to help me out. Here are some examples. Under the current formula, the parent with substantial care of the child has a much higher income threshold up to which child support is not affected, compared to the Parkinson proposal of a much lower threshold. There may be some data collection requirements for the Child Support Agency to manage. Under the Parkinson recommendations, the amount of child support payable by each of the parents in a separated family will be determined by their individual incomes added together to determine the costs of children. This is a costs-of-children approach, using a reference table. The apportioning of that liability will depend on the proportion of care that each of the parents has for the children. There is quite a complicated administrative construct that needs to be gone through, which is very different from the way the current formula operates in a large proportion of cases.

In addition, in the current formula there are bands of care from zero to 30 per cent. There is one category of care from 30 to 40 per cent and then from 40 to 60 per cent. They are just broad bands of care, whereas, under Professor Parkinson's recommendations, over significant proportions of the care range, individual percentages of care make a difference to the child support assessment. Therefore, a lot more data will potentially need to be collected. Professor Parkinson's recommendations also go to how the family tax benefit might or might not be split among separated parents, depending on the amount of care those parents have of the children. So there are a range of factors where there are substantial changes from the current

arrangements which need to be system coded and tested. All of that takes a long time to roll out, as Mr Miller has indicated. It could be as much as half of the code base of the current child support computing system—

Senator CHRIS EVANS—That is computer code?

Mr Leeper—Yes. In addition, there are substantial data collection and verification issues to be managed. It is desirable, of course, to do all of this when the legislation is through because it minimises the risk of implementation. You can overlap them to a certain extent, but I would not advise that that be done for too long a period because, until parliament has given its clear authority, we can waste taxpayer's money building things that cannot be used. These are just a couple of the dimensions, but there are others as well.

Ms Scott—Because of the interaction with the family tax benefit system, it would be ideal if there was an alignment with the FTB here.

Senator CHRIS EVANS—So a 1 July starting date?

Ms Scott—It would be ideal if it was a 1 July start date, because otherwise you end up with some part-year effects which would be quite complicated.

Senator CHRIS EVANS—Yes—been there, done that! I have got a good idea: why don't we put the Child Support Agency into the tax office? Is that a new idea? That way you can share information much more easily.

Mr Leeper—You can propose that, Senator!

Senator CHRIS EVANS—Like most new ideas, they have been there before. Effectively, it would be simpler to start on 1 July. That basically means that, if you do not make July 2007, you are limited to starting on 1 July 2008.

Ms Scott—I did say 'ideally'. Ultimately, it will be the decision of the government, and they have got to weigh up our implementation worries against what you pointed to, which was the demands of people for change. Implementation will be one of their issues.

Senator CHRIS EVANS—Smooth implementation would also be a priority, I suspect. I see that the minister referred to the British system; I had a look at that about six months ago and it is a complete shambles, so I am sure you would not want to go down that path. What are the costs of this? I notice that the CSA has apparently got its hand up for another \$300 million. It has got its bid in, according to the reports. What is the cost of implementation?

Ms Scott—We will not be able to answer that until the government has finalised its deliberations, depending on the extent of changes. I do not think we will be able to go into what could be the cost structures depending on the different options around.

Senator CHRIS EVANS—But, clearly, changes of the magnitude you are talking about are going to be very expensive.

Ms Scott—They will be significant changes, involving not only a substantial systems build but substantial training of staff.

Senator CHRIS EVANS—What cost centres will they go to? Obviously it will be the Child Support Agency, in terms of training of staff et cetera.

Mr Leeper—The major costs would be borne by the Child Support Agency. There would be some costs in the Department of Family, Community Services and Indigenous Affairs; some minor costs in the Department of Human Services, I would expect; and also significant costs in Centrelink, because, as I have mentioned, a number of the recommendations made by Professor Parkinson go to the interaction between child support and family tax benefit. So, in the event that Professor Parkinson's recommendations are adopted by the government, the major agencies affected will be the Child Support Agency and Centrelink.

Senator CHRIS EVANS—Currently, child support is treated differently to the tax family benefit equation, isn't it? It is separately calculated—is that right?

Mr Leeper—There are some in the room more expert than me, but my understanding at a general level is that child support liabilities are generally driven by taxable income, as family tax benefit is. The level of family tax benefit received can in part be impacted by the level of child support received under something called the maintenance income test.

Senator CHRIS EVANS—Yes. I am referring to the end of the year reconciliation, where the family tax entitlement is now rolled into the tax entitlement so that you either get one bill or one credit. My understanding is that the child support is still separate. Is that right?

Mr Leeper—I am not on sure ground here, Senator. It might be safer for us to ask if we could have Centrelink at the table or to hold that question until Centrelink is in the room, if you do not mind.

Senator CHRIS EVANS—All right. So you do not know when the legislation will be introduced but you think it will take about 15 months from the passage of the legislation to get up to speed. And there are strong arguments for having a 1 July commencement date. Is that a fair summary of where we are at?

Ms Scott—It would be ideal to have a 1 July start date. The extent of the time till commencement will depend upon the deliberations of the government.

Senator CHRIS EVANS—Okay. Thank you for that.

Senator MOORE—You have spelt out the kinds of interactions that are needed and Mr Leeper has augmented that. But, in view of the history of the various departments and their IT issues and some of the recent audit reports that talked about plans that did not work out, I am interested as to the confidence with which you have spoken about the IT changes. The IT changes are going across at least three systems that are currently working. I know that we cannot go through all the detail, but it is important we consider at this estimates—because it is the one leading into the implementation of the changes—the plans and testing proposals that you have. In light of the previous audit reports, where there have been quite significant recommendations about the problems of IT implementation, you seem a little bit confident.

Mr Leeper—I am not sure which particular audit reports you are referring to.

Senator MOORE—A series of them. You know the ones.

Mr Leeper—These are implementation issues and that is our role and expertise in government. Should the government make decisions in this area to make changes, you may rest assured that we would have sweated the necessary stuff over the implementation time lines. My expectation would be that if decisions are announced we would manage their

implementation at a very senior level, including across the CSA and Centrelink. In other portfolios I have seen this handled through a deputy-level project committee, and it may well be that we do that. But you may rest assured that every attention will be put into making sure these implementations happen on time and to a high quality.

Senator MOORE—And this is a cross-agency plan?

Mr Leeper—Yes, absolutely.

Senator MOORE—And is the expectation that it will be an outside consultancy?

Ms Scott—We have already brought someone in to test whether our initial thinking—

Senator MOORE—That was the first step.

Ms Scott—Yes—to test our initial thinking on whether we were allowing sufficient time or being too conservative. So it has been rigorously tested so far. That is why we are confident about the time frames that we spoke about. Although, at the end of the day, it is dependent upon what package the government determines, which will obviously affect it either at the margins or significantly. So we have tried to be as systematic as possible. We have spent weeks and weeks and months and months expecting that we would come under considerable scrutiny about our planning for IT. We feel that we have made a considerable investment of time and effort to date.

Senator MOORE—Can we get some information from your perspective as the chief department, Human Services, of where the others fit in and how the project team is structured? Does Human Services have the project manager and are there components from Centrelink, Tax and child support at this stage? I do not have the particular audit report with me, but there have been a number that have talked about the project planning of the information technology streams of budget changes. I would just like to get something so that, when we come back here next time and we get the update on how they are going, we will be able to refer particularly to the process you have put in place at this stage.

Mr Leeper—I hope very much that, at the next estimates in May—unfortunately, the secretary will be absent, but I will be at the table—we will be in a position to tell you about what we are doing to manage this implementation.

Senator Colbeck—Lucky you, Mr Leeper!

Mr Leeper—The process of policy development has been conducted through an IDC. I would similarly expect that, subject to government decisions, that implementation would be managed through an interdepartmental arrangement. We will certainly be represented. Mr Miller's agency will certainly be represented, as will Centrelink. I would also assume that Family and Community Services will play a strong role too.

Senator MOORE—But the major responsibility is yours?

Mr Leeper—The policy is the Family and Community Services minister's responsibility. Our job is to make sure that delivery happens and happens well.

Ms Scott—It is quite right to imagine that there are literally dozens of micropolicy matters to be considered once the government has made its deliberations. We would work very closely, as we have with FaCS, on this initiative.

Senator WONG—Ms Scott, when were questions on notice due to be filed with the committee?

Ms Scott—They were due on 31 January.

Senator WONG—Can you explain to me why, in relation to HS1 and HS2, which were questions from me, and also to HS4, which was a question from Senator Moore, you made reference to answer HS30? I asked two questions about the department's poor compliance with the time frame on the last occasion. At the last hearing we had a discussion about the department's failure to comply with questions on notice. I think your compliance rate was around 27 per cent. Do you recall that?

Ms Scott—Yes.

Senator WONG—Do you recall also that I asked some questions relating to the time frame, including when various questions were provided to the minister's office?

Ms Scott—Yes.

Senator WONG—They are at HS1 and HS2. The answer that has been provided is, 'This will be answered at HS30.' Can you tell me where at HS30 that is in fact answered?

Ms Scott—I think it is at HS30.2.

Senator WONG—That is not the question I asked. I asked very specifically about when they were provided to the minister's office. I then asked, in relation to the bundle of questions—this is HS2; this was provided to the secretariat on Friday and yesterday, and these answers were I think handed to us as we were commencing the hearing—when were they provided to the minister's office and, of the outstanding questions, how many had been provided to the minister's office and the dates of that provision. I do not think that an answer that says, 'A substantial number were submitted at the start of July and were considered by the minister's office as their workload permitted,' answers either of those two questions.

Ms Scott—This is the answer we have provided. I am happy to—

Senator WONG—What is the difficulty with providing an answer to the question I asked?

Ms Scott—I think the answer there is the one that we feel answers your question.

Senator WONG—It does not answer my question. I asked specifically for the dates on which a bundle of questions were provided. Are you saying they were all provided at the start of July?

Ms Scott—No, I think the answer actually is quite clear—they were not all provided at the start of July.

Senator WONG—Which ones were and which ones were not? What were the dates on which they were provided?

Ms Scott—I think the answer to your question has been provided.

Senator WONG—No, it has not. This is clearly an obfuscation answer. It is a very simple question, and it is a question which estimates committees often ask and which is usually answered, and that is the dates on which information was provided. I do not understand why this department is having difficulty in providing that information.

Ms Scott—I am happy to elaborate on the difficulty in answering questions on time. The committee—

Senator WONG—No, I did not ask that question. I asked what was—

Ms Scott—But—

Senator WONG—Let me finish, Ms Scott. I asked when certain questions were provided to the minister's office. Are you saying you do not have to answer that question?

Ms Scott—I am saying that we have provided an answer to that question.

Senator WONG—No, you have not answered the question.

CHAIR—Senator Wong, could you help me? I now have the questions in front of me. Could you point to the relevant questions?

Senator WONG—I am commenting on HS2 particularly. There were a bundle of questions to which answers, you may recall, were provided very late—just prior to the hearing. I asked how many of those had been provided to the minister's office and the dates of that provision. The answer is, 'This will be answered in HS30.' HS30, Ms Scott claims, answers HS2. As you will see from HS2, I asked for more detail than has been provided in relation to the specific answers. The answers given are very general: 'a substantial number', 'the start of July' and 'considered by the minister's office as their workload permitted'.

CHAIR—I am with you.

Ms Scott—I am happy to comment on the difficulties we encounter in answering questions on time. The last time the committee saw us was not Valentine's Day; it was Melbourne Cup Day, 1 November.

CHAIR—I recall that; you are quite right.

Ms Scott—We received a total of 67 questions in writing on 14 November. One question was referred to another committee. This left 66 for us to answer. Many of the questions have parts to them. For example, there is one question which has 19 subparts. We have yet to submit the answer to that question, but it has taken us up to 62 hours to date to get the information that has been sought. Another question has taken us up to 294 hours to collate the material. It is not actually the initial number of questions that is the problem, but rather the subparts and the complexity of the issues involved in getting to the answers. The answer to HS46, which has 13 parts, has required 50 hours of work to prepare.

Senator WONG—I am not asking questions about those ones.

Ms Scott—We try to do our best. We have answered 52 questions by the committee from the last hearing. They have been tabled. We commence our work as soon as possible, but there is considerable complexity in this area.

CHAIR—So you are answering the general question about the difficulty of answering all those questions. I appreciate that. Senator Wong, your questions relate specifically—

Senator WONG—It is a very specific issue. I did not ask about HS46 or the various other numbers; I asked a very specific question on the last occasion about a bundle of questions you provided late. I appreciate that there are questions which take you a lot of time to answer,

Ms Scott, as there are for every department and agency that appears. I get the same response about how much time it takes, frankly, from almost every department that appears before any committee I have been at. I understand that this is not something that people enjoy doing. But I am not talking about what you might assert to be an unreasonable workload; I am talking about the department's failure to answer some very specific questions I had about the timing of certain questions which were late. You have not answered those, and I am asking for an explanation as to why.

Ms Scott—This is the answer that has been submitted to that question.

Senator WONG—We can sit here all night, Ms Scott, because I do not accept that. It is not an answer. There were quite a number—a bundle—of questions provided late. You were asked specifically in relation to those questions when they were provided to the minister's office. Are you saying that it is impossible to provide that?

Ms Scott—Chair, I am saying this is the answer.

CHAIR—They are the answers. Senator Wong, I think you may have hit the wall on this question.

Senator WONG—I do not think it is an acceptable answer, Ms Scott. You cannot just sit there and say, 'This is the answer that has been provided.'

CHAIR—We have had a general explanation. In respect to the specifics, you are not happy.

Senator WONG—Was this answer, HS30, the subject of discussion with the minister's office?

Ms Scott—There is always an iterative process in developing answers. This answer would have been developed using our normal practice, which is the normal practice of other departments.

Senator WONG—Has the minister's office directed you not to provide information as to when the late answers were received by them?

Ms Scott—This answer has gone through an iterative process and is the answer that has been submitted to this question.

Senator WONG—Ms Scott, you are entitled to refuse to answer or to take a question on notice. Are you refusing to answer or are you taking this question on notice for referral to the minister?

Ms Scott—I just do not know how I can elaborate further in relation to question 2, given that that is the answer that has been submitted in answer to your question.

Senator WONG—This is a discussion where it is like: if I ask somebody, 'What is two plus two?' and they say, 'Red,' and I say, 'But two plus two was the question,' and they say, 'Red is the answer,' then we are going to have this sort of discussion all night. I asked you a very specific question, and Senator Moore did too, about the dates on which certain late answers were provided to the minister's office. It is a matter perfectly within the purview of this committee, and the answer you have provided does not address that question. If you are refusing to answer or you wish to take it on notice, that is your prerogative.

CHAIR—I think Ms Scott has given her answer.

Senator WONG—It is not an answer.

Senator Colbeck—Senator Wong, there is also a process where the minister signs off on the questions that come back to the committee.

Senator WONG—I accept that.

Senator Colbeck—The other element to which I think Ms Scott is referring is that there are a number of questions that are being asked in this process that are extremely detailed—they are taking an extensive amount of time and cost to—

Senator WONG—Not the ones I am referring to, Senator Colbeck.

Senator Colbeck—I would like to finish my response. There is extensive time and cost being expended by the department in responding to these very detailed questions, and the minister has obviously signed off on an answer to your question which has been referred to by Ms Scott at point No. 2. That essentially is where that point is at. But we are also making the point that there are numbers of very complex and detailed questions being put on notice. The three that are noted in the response that Ms Scott has given to you are in excess of 400 hours of work—

Senator WONG—They are not the ones I am asking about.

Senator Colbeck—for three questions. I am making a point in response to detailed questioning that has been left on notice in this committee, and the response that the minister has signed off on in response to that. That is having an obvious impact on the costs imposed on the department. The minister has obviously signed off on a response to this committee that has been referred to by Ms Scott. If you are not happy with that response, obviously you can refer something back to the minister or ask us to provide some further information, and I am happy to take that on notice.

But I am making the point at the outset that the level of detail being requested in some of these questions is extensive and expensive. If you look at the 400 hours in three questions alone that have been referred to by Ms Scott and start applying a cost to those, that is extremely extensive. If you look at it at, say, \$40 an hour you are talking about \$16,000 for 400 hours, which is almost a quarter of a year's work for a person. It is an extensive amount of work for three questions out of 67 asked by this committee in November. It is a matter of where the resources of the department should be more effectively applied.

Senator WONG—Is this a speech or an answer?

CHAIR—I will indulge Senator Colbeck; he has had a good run. Your call, Senator Wong.

Senator WONG—I do not believe the issue of cost is relevant to my question, Senator Colbeck, despite your lengthy speech. It might have been relevant if Ms Scott, in response to my questions, had said: 'We couldn't answer your questions because it would have been too costly for us to go through that.' But that is not the defence she has raised. You might throw up a whole range of issues about why Senate estimates should not ask so many questions because that kind of transparency is simply too expensive for the government. But that is not

what we are discussing. We are discussing the failure to answer some very specific questions. The department has not indicated that they are too costly.

The only thing I can take from what you have indicated is that the minister simply does not want to indicate something that has generally been answered before at estimates committees, and that is the date on which answers were provided to the minister's office by the department. Obviously the government is taking a different approach to estimates now it has the numbers in the Senate. It is quite happy to throw precedent out the window. These have been answered before. They are not being answered now—and the public, I suppose, Senator Colbeck, can draw their own conclusions as to why that is occurring.

CHAIR—Are you finished?

Senator WONG—I am, and I am happy to move on.

Senator Colbeck—As I said, Senator Wong, if you are not satisfied with the response, which is the one that the minister has signed off on, I am more than happy to take a further question on notice and refer it to the minister. If you would like to place that on the record, that is fine.

Senator WONG—I ask you to take it on notice, thank you.

Senator Colbeck—Okay.

Senator WONG—Ms Scott, can I move on—and my colleagues may have some further question-on-notice questions; I do not know—firstly, to a short set of questions in regard to the JSCI, the job seeker classification index. That is utilised by Centrelink and not by Human Services per se. Is that correct?

Ms Scott—That is correct.

Senator WONG—However, we are aware that some concerns were raised publicly about Centrelink's administration of it. Have any issues been raised with the department over the last 12 months about Centrelink's administration of the JSCI?

Ms Scott—No substantive issues, no.

Senator WONG—What does 'no substantive issues' mean?

Ms Scott—I cannot recall one occasion when someone has raised Centrelink's application of the JSCI with me.

Senator WONG—I know it is not your department, but were you aware that DEWR has on occasion permitted—and it has clearly been in the media lately—Job Network providers to 'revise' a JSCI assessment? Was DHS ever advised that that would be occurring?

Ms Scott—This relates to the Department of Employment and Workplace Relations, and I think it would be best if the question were directed to them.

Senator WONG—I am going to ask them, but I have asked if you were aware of this change in procedure.

Ms Scott—Could you outline the change in procedure that you are referring to?

Senator WONG—As I understand it, what has been on the public record is that some concerns were raised by Job Network members that Centrelink was applying the JSCI

incorrectly on occasions and incorrectly classifying people. I make no comment about that; I do not know whether or not it is true. What was then permitted, according to what is on the public record, was that Job Network members could vary that assessment utilising the JSCI. Thereby, if they thought that, for example, someone should be classified as highly disadvantaged and they were not, there was a process put in place whereby that could occur. That was a decision of DEWR. I am asking whether or not that variation to procedure was something raised with DHS.

Ms Scott—I cannot recall any conversations with the Department of Employment and Workplace Relations on that matter, but I think if I called to the table my colleagues from Centrelink, they may have something to add to it, but the administration of Job Network is entirely a matter for the Department of Employment and Workplace Relations.

Senator WONG—I am happy to deal with that now.

CHAIR—Do you require the officers from Centrelink, Senator Wong?

Senator WONG—Yes, if I could have them briefly, just on this issue.

Ms Scott—I understand that there may have been a change. I do not want to go on press reports, because we all know how accurate or inaccurate they are, but this question is entirely a matter for the Department of Employment and Workplace Relations. I understand that, if there was a change along the lines that you have discussed, it actually predates the Department of Human Services, so it has not affected us.

Senator WONG—It predates you?

Ms Scott—Yes, that is what I am advised. Because you are relying on something in the media, I just think that those questions might be best directed to the department that has the policy responsibility.

Senator WONG—I understood that the first time you answered that. What I was asking was whether you had been aware of it. But, if the department was not in existence, clearly, it is something I will ask Centrelink. While I am on that, would it be possible for Mr Whalan to come to the table so that I can deal with this issue? I am not quite sure where to start with this. Mr Whalan, is it the case that Job Network members have the ability to reclassify job seekers utilising the JSCI?

Mr Whalan—There were changes made in July 2003 which effectively took the decision about classifying potential job seekers away from Centrelink and gave it to the Job Network providers at that point in time. There is actually a two-stage process. We do the initial assessment but then there is a second stage of classification that is done by the Job Network provider.

Senator WONG—Do you track data on the variation between the two—in other words, what percentage are altered upon the subsequent reassessment?

Mr Whalan—No, we do not, because having now, under the new arrangements, completed the first phase, the job gets handed over to Job Network.

Senator WONG—I am asking in terms of your own quality control. Do you track how many of your assessments are altered when they are redone by the Job Network member?

Mr Whalan—No, we do not.

Senator WONG—Were the changes in July 2003 preceded by concern being raised by Job Network members as to the classifications which had been arrived at by Centrelink staff utilising the JSCI?

Mr Whalan—Could you repeat that, please?

Senator WONG—I will try to make it less complicated. Was there concern raised by Job Network members that Centrelink assessments were incorrect on occasion?

Mr Whalan—I will ask Ms Hogg to answer that, as I was not in Centrelink at the time.

Ms Hogg—Prior to the changes in 2003, the process basically was that, if a Job Network member saw a customer and they thought they had further information than perhaps was given to Centrelink, they would talk to Centrelink and actually apply a full application process for the JSCI to be updated. Sometimes there are circumstances that the Job Network members discover. So it worked on that basis. It was not a process of saying that we got it wrong; it was more a process of saying that they have further information and therefore we needed to change the JSCI score. It was not a complaint process, to my knowledge.

Senator WONG—Ms Hogg, I am a bit confused. Are you talking pre or post July 2003?

Ms Hogg—I am talking pre July 2003.

Senator WONG—What led to the change?

Ms Hogg—I am not aware of the need for the change. You would have to ask DEWR—

Mr Whalan—That was a matter for the Department of Employment and Workplace Relations.

Senator WONG—Mr Whalan, you gave evidence before that there were changes made in July 2003 that effectively took the decision from Centrelink and gave it to the Job Network members. Is that correct?

Mr Whalan—Correct.

Senator WONG—Were there any discussions with Centrelink prior to that decision being made?

Ms Hogg—There would have been discussions with Centrelink about the changing process, but I am not aware, from memory, that it was a process of saying that there were problems with the work being done by Centrelink.

Senator WONG—So you would deny the suggestion that Job Network members had concerns about some of the Centrelink assessments utilising the JSCI—that they had concerns that people were being incorrectly classified?

Ms Hogg—I am not aware of that concern.

Senator WONG—Have you ever been aware of it?

Ms Hogg—No.

Senator WONG—Has the same system been in place since July 2003?

Ms Hogg—July 2003 was when the process changed to Centrelink doing the initial assessment—

Mr Whalan—Can I just clarify that? Are you asking about Centrelink's role post 2003—

Senator WONG—Correct.

Mr Whalan—That is the only thing we can comment on.

Senator WONG—That is all I am asking, Mr Whalan. I understand that DEWR has to answer the Job Network issues. You gave evidence that what happened in July 2003 was that essentially the decision was taken out of your hands and given to the Job Network. I am asking whether that has been the case, from your perspective, since then. Has there been any other change such that Centrelink's involvement has altered since that time?

Ms Hogg—No.

Senator WONG—Do your officers utilise the JSCI at all or is that all done by Job Network members?

Ms Hogg—We do the initial JSCI. When somebody is looking for work and they come to Centrelink for income support, we do the initial assessment. That is transmitted electronically to the Job Network provider of their choice. We can have and still do have the opportunity, if the customer's circumstances change or they tell us something different, to go back to the JSCI and change that, but so does the Job Network. If they find information they can do that too.

Senator WONG—So you would not agree with any contention that Centrelink was misclassifying people prior to July 2003?

Ms Hogg—Not as a general complaint, no.

Senator WONG—Do you have any role now or have you had any role since 2003 upon reclassification by the Job Network member?

Ms Hogg—Can you ask that differently?

Senator WONG—As I understand the evidence, the initial classification is done by Centrelink officers. The Job Network member can reclassify.

Ms Hogg—They can amend that, yes.

Senator WONG—If the job seeker is reclassified, is there any reference or dialogue with Centrelink? Do you have any role in that process?

Ms Hogg—Not that I am aware of, no.

Senator WONG—That is all I have on that issue. Thank you. Ms Scott, can I turn to the CWCA, which I understand is now the JCA. Is that correct?

Ms Scott—The comprehensive work capacity assessment, yes.

Senator WONG—I understand it is now the JCA. Is that right? I do not mind what it is called. I just want to know what you want me to call it.

Ms Scott—We are still referring to it as the comprehensive work capacity assessment, Minister. I am sorry, I meant senator. I mistook you for a minister.

Senator WONG—Definitely not. I would not get so cranky if I were a minister, probably. You might answer my questions then, Ms Scott.

CHAIR—Things will change one day, Senator Wong. They do in politics.

Senator WONG—In the additional appropriations statements, Ms Scott, there is some additional funding sought on the CWCAs. I am wondering if someone could take me through that.

Mr Dolan—You asked about the additional funding for CWCA in the portfolio additional estimates statements.

Senator WONG—Yes. Is it you or is it the finance person who answers this question?

Ms Scott—It depends on how complex it is.

Mr Dolan—I am the policy officer.

Senator WONG—I am going to get to the policy issues and the request for tender but I want to know right now what is being asked for, what it is for and how it relates to what was originally appropriated in the budget.

Ms Scott—If it is all right with you, we might give Mr Dolan a run for his money. If it turns out that there are more complex questions about the interaction, we have our financial analyst here, who will probably be able to help you.

CHAIR—Very good answer, Ms Scott!

Mr Dolan—The additional money provides for additional resourcing to implement this initiative. It provides for additional staffing to the division and money to develop the guidelines and training. It is just additional resourcing.

Senator WONG—So it is \$2.3 million.

Mr Dolan—In 2005-06. That is right.

Senator WONG—Has there been any change to what was announced in the budget? Has there been any change to the policy parameters et cetera?

Mr Dolan—No.

Senator WONG—What was originally announced in the budget? I have \$802,000.

Mr Dolan—I think it was about \$1.015 million in 2005-06.

Senator WONG—For the CWCAs? I have a corrigendum here.

Mr Dolan—For the CWCA and the prevocational account.

Senator WONG—But the \$2.3 million is for CWCA, not for the prevocational account.

Mr Dolan—That is right. So \$800,000 was announced for the CWCA.

Senator WONG—So there was \$800,000 for the CWCA and now you want \$2.3 million more.

Mr Dolan—That is right.

Senator WONG—Can you explain to me what has changed?

Mr Dolan—The policy has not changed but—

Senator WONG—It was just costed incorrectly?

Mr Dolan—It was just that, in considering further the development of the measure, additional resourcing was required to implement the measures announced in the budget in terms of resourcing for staffing for the division and for developing the guidelines and the training. What we are talking about is additional resourcing because further consideration led to the need to go to the government for more money.

Senator WONG—For three times as much as you originally asked for?

Mr Dolan—It is still modest sum in terms of the issues.

Senator WONG—It is very modest compared to some of what has been asked for.

Ms Scott—I think you could say we were persuasive in this regard. I wish we were as persuasive on other occasions.

Senator WONG—I am wondering why you got your costings wrong the first time around, actually, if you are asking for three times more now.

Ms Scott—It might be the case that we did not get our costings wrong at all.

Senator WONG—Perhaps you can explain that to me.

CHAIR—Perhaps you could say a little more!

Ms Scott—I think we have been persuasive in this instance and I am pleased to see that we are going to get the additional resources that we require for this task.

Senator WONG—But why the difference? What has changed between what you asked for before the May budget and now?

Ms Scott—The effectiveness of our persuasive powers, I think.

Senator WONG—So is this what you asked for before?

Ms Scott—We were anticipating that this is quite a sizeable task and we have been effective now in getting recognition of the size of the task in the additional estimates. We are pleased about that.

Senator WONG—Mr Dainer, do you want to say anything?

Mr Dainer—Only if you want me to.

Senator WONG—Okay, I will come back to the additional appropriations shortly. Just briefly on the RFT, can you remind me whether that tender has closed?

Mr Leeper—It has.

Senator WONG—Have you determined who got it?

Mr Dolan—Not yet. We are in the process of evaluating the tender applications and we would expect to advise the process to be completed by the end of March.

Senator MOORE—How many did you get?

Mr Dolan—We had close to about 50 or so organisations bidding across Australia. Some bid in more than one location. We cannot say more than that because we are in the middle of the tender process, but there was a very strong response.

Senator MOORE—That actually compares favourably with previous tenders.

Mr Dolan—Yes, it was a very strong response to the request for tender.

Senator WONG—I have some questions about the RFT. Can you tell me how the accessibility for providers was defined in the RFT—the disability access?

Mr Dolan—Are you referring to a particular provision in the RFT?

Senator WONG—Maybe it is not in the RFT. I am just asking what the requirement is around accessibility.

Mr Dolan—We have made a requirement in the RFT for accessibility. On page 50 of the request for tender we have made it a requirement that providers must ensure that suitable premises are available to conduct assessments and that they are suitable for staff. We will be making service guidelines around it to make those requirements more explicit, but we have made it very clear to providers that they have to have premises that are accessible by the people who they will be assessing.

Senator WONG—So when are those guidelines going to be developed?

Mr Dolan—Guidelines are being developed at the moment.

Senator WONG—So when will they be developed?

Mr Dolan—They will be developed well in time for the implementation or well ahead of implementation. Providers will need them.

Senator WONG—I know that. I am asking about when. Are we talking about March, April or May?

Mr Dolan—I cannot give you a precise date. It will be significantly ahead of implementation, but I cannot give you a precise date.

Senator MOORE—Who is developing the guidelines?

Mr Dolan—The department is developing them in consultation with providers. We are consulting with agencies and stakeholders in developing the guidelines.

Senator WONG—You are consulting with stakeholders?

Mr Dolan—Yes.

Senator WONG—Is there any compulsion on assessors to only refer to accessible service providers for prevocational or specialist services? As I understand it, ‘assessor’ can refer to either specialist services or prevocational services and so forth.

Mr Dolan—We will be making a requirement that where a CWCA refers a person to a prevocational service that the performance of the CWCA will be judged by whether the person attends the prevocational services and by the outcomes—that is, does that person get a job. So we are focusing on the performance in terms of outcomes. That means that the CWCA

will have to make sure that the person can attend a premises they can access, otherwise they cannot attend the prevocational service.

Senator WONG—But it is up to them to ensure that happens? You are not making it a requirement?

Mr Dolan—That is right. Unless they ensure that the prevocational provider has accessible premises, the people they refer are not going to be able to go and that will reflect badly on the performance of the CWCA.

Senator WONG—What process are you going to undertake to ensure that premises of assessors are accessible? I understand what you are saying about the people they refer—it will be the assessor's responsibility to confirm that—but presumably it is the department's responsibility to ensure that the assessor's premises are assessable.

Mr Dolan—The way we structured the business model for the CWCA means that providers will have to have premises that are accessible by the people they assess because if people cannot access—

Senator WONG—That was not my question. If you are not going to do it, just say. I understand that. I disagree with that, but I will move on. My question was: 'What process will you have in place to ensure that assessors have accessible premises?' If you are simply relying on the assessor to do it because it is in their contract, tell me that.

Mr Dolan—We are not actually physically checking every location but, if a provider does not have premises that can be accessed by people, that will show up that they are not able to see people and that will impact negatively on their performance as CWCA's.

Senator WONG—So you wait for people not to be able to get in before you can do anything about it?

Mr Dolan—No—

Senator WONG—Hang on, let me finish. Are you telling me that you are not going to inspect them and you are not going to ensure that occurs? I accept that that is the business model you have adopted, but now you are telling me, 'We will know because people can't go in, and their outcomes will be poorer.'

Ms Scott—I think it is clear that the providers need to take accessibility into account when they make the referral. If a person is in a wheelchair, why send them off to a place that does not have a lift and is on the second or third floor?

Senator WONG—Sorry, I might have misled you. I was not referring to the referral process; I was referring directly to the assessors.

Ms Scott—The assessors have to have accessibility to their clients.

Senator WONG—I understand that, and I was asking what process is there to ensure that occurs. Mr Dolan says, 'We don't check that,' and I understand that you are saying, 'Well, if they don't have it then they can't do their job properly.'

Ms Scott—Correct.

Senator WONG—I am asking how you will know that.

Ms Scott—Because they will not be doing their job well and our diagnostic will indicate that.

Senator WONG—What is your diagnostic?

Mr Dolan—That diagnostic will be referrals that cannot be met by the CWCA. The way people are referred to CWCA will be through DEWR's electronic diary. They will come to Centrelink, claiming the DSP. They will be referred to the first available appointment, generally speaking, and the system will show them as being referred to a CWCA. If those people are unable to get to a CWCA, that non-attendance will show up in the system. We want to know why. So in some ways the providers have an economic incentive to ensure they have accessible premises, and 80 per cent of providers will be existing government agencies. Then we will be monitoring any situations where people cannot get to CWCA's.

Ms Scott—Effectively, their income stream is going to depend upon their capacity to take the clients, so I would have thought clearly it would be in their interest. In addition I imagine that, if people are sent onto a comprehensive work capacity assessment and are not able to access it, we would hear complaints very quickly.

Senator WONG—I was asking what the process was, Ms Scott, and I understand the process is whether or not there is a lack of referrals or people not making their interview. That is the diagnostic. Consistency of assessment: I think on the last occasion we spoke somewhat about this. Can you explain to me again how you are going to ensure consistency of assessment in the different regions and given the multiplicity of professionals you are likely to be assessing?

Mr Dolan—On pages 155 and 156 of the request for tender we outline what we call the 'key performance indicators'. Those key performance indicators signal to the CWCA that we will be monitoring their performance and their performance against other providers. Against those KPIs—

Senator WONG—That is not what I am asking about. I am asking how you will ensure that assessments are consistent, no matter whether they are in Tasmania—I am sorry, Senator Colbeck, I cannot remember which part of Tasmania you are from—Northern Queensland or the western suburbs of Adelaide.

Mr Dolan—To answer your question of how we ensure consistency in quality assessments, there are a number of elements to that in the business model. I will go to them quickly.

Senator WONG—I have read this. I do not want another bit of jargon about KPIs. I want to know how it is you are going to make sure that somebody who is assessed in the western suburbs of Adelaide, Northern Queensland or Tasmania receives consistency of assessment between those places. You can tell me about the business model, but a provider in Tasmania is unlikely to have much communication with a provider in the western suburbs of Adelaide or in Northern Queensland.

Mr Dolan—There are two elements. Providers will have access to training and service guidelines—and those will be national across Australia.

Senator WONG—I accept that; national guidelines and consistent training.

Mr Dolan—Secondly, after the event we will be monitoring data on referrals and outcomes. We will be looking very closely for patterns across different providers across the country, so we will be able to detect if there is anything unusual emerging in particular parts of Australia, which will allow us to investigate why. If there are instances—for example, there may be some lack of consistency arising for one particular reason or another—that gives us a vehicle to actually address that and to engage with the providers. So there are two arms of it—one is the training up front, and then there is the close monitoring once assessments get underway.

Senator WONG—Monitoring of data?

Mr Dolan—Of data, which is data on referrals. Once a CWCA does a referral and work capacity assessment, that information goes on the DEWR system. That system then gives us access to that data. We will have access to a lot of data on all assessments undertaken, which gives us a basis for examining trends and monitoring issues that emerge.

Senator WONG—I understand from the tender document that the expectation is that specialist reports will only be in two per cent of cases. Is that right?

Mr Dolan—That follows an expectation. Under the assessments now, two per cent of cases are referred to specialists.

Senator WONG—Meaning medical specialists?

Mr Dolan—Yes, and as a benchmark we are putting two per cent in the RFT.

Senator WONG—I think the welfare to work changes which have been implemented by the government will commence at the same time as the CWCA. Is that correct?

Ms Scott—Effectively comprehensive work capacity is part of the Welfare to Work package.

Senator WONG—Yes, but I was referring to the mutual obligation requirements upon disability support pensioners. One would assume therefore that you are going to have more people coming through the system who have previously been assessed or have been assessed with some limiting factor on their capacity, so I question why it is you think that the current two per cent will be maintained. Surely it will be increasing if you put more people through the system who already have a disability and you are trying to get very fine assessments as to their work capacity. The bandwidths are zero to seven hours and eight to 14 hours. These are very fine bandwidths of someone's capacity. You are going to have many more disability support pensioners or people who previously would have been eligible for a disability support pension coming through the system. On what basis does the department think only two per cent will require a referral to a medical practitioner?

Mr Dolan—In the RFT we have said 'based on historical data'. It is an anticipation. Obviously, as data emerges, real data emerges with the CWCA's and different trends emerge, we may have cause to revise that, but at this point going into the RFT process we have set as a benchmark an expectation based upon historical data.

Senator WONG—But your costings are determined on the two per cent.

Mr Dolan—That is the estimate.

Senator WONG—But they are your estimated costs.

Mr Dolan—Yes. As we get more experience with the CWCA process, we may have cause to revise some assumptions—some may go up, some may come down—but, in going into the RFT process and giving a signal of expectations, the most logical place to start is with the historical experience.

Senator WONG—One would think that, with the policy changes that are being implemented at the same time. Leaving that aside, who bears the costs for the specialists? Is it the assessor?

Mr Dolan—No, it is not. They can seek reimbursement from the department. That is what happens now.

Senator WONG—Yes, I understand that. You are assuming that you will have to pay for a medical or specialist assessment in two per cent of the cases?

Mr Dolan—We send CWCA's to providers only to justify all requests for specialist input. We would be prescribing the instances when we would be reimbursing those costs. Again that happens now. It is a continuation of the current arrangements around referring people for specialist input.

Senator WONG—As I understand the document, \$15 is to be paid for the completion of a JSCI.

Mr Dolan—Just to clarify, it is not capped. Providers do not get a capped allocation according to the two per cent. It is based on an estimate.

Senator WONG—I understand that. But I presume that your costings, as per the forward estimates, are predicated on the assumption of two per cent.

Mr Dolan—Yes. If experience changes then we may have to revise the estimates in due course, in the future.

Senator WONG—I asked about the JSCI. Can you confirm for me that the payment for an assessor to complete a job seeker classification index is \$15? That is on page 52.

Mr Dolan—That is on pages 51 and 52 of the RFT. This is the situation when, in a small number of cases, CWCA's are asked to complete a job seeker classification instrument. The request for tender makes it clear that that is a DEWR measure—that DEWR will be paying providers for the costs of doing the JSCI in a limited number of cases.

Senator WONG—This is your tender process.

Mr Dolan—That is an arrangement with DEWR, so, if you have any questions on that, I suggest you ask the DEWR portfolio.

Senator WONG—This is your baby. This is the only bit that you have retained out of Welfare to Work, really.

Ms Scott—We did not retain it. We did not have the responsibility—

Senator WONG—Sorry—you did not have it before; that is correct. Regarding the \$15, can you explain to me how long that assumes someone will spend with a person in order to complete the JSCI?

Mr Dolan—This is about the department's request for tender for a CWCA. You are absolutely right on that. But, within this request for tender, there is a requirement that CWCAs will be asked to complete job seeker classification instruments in certain cases. The RFT makes it clear that it is DEWR that will be paying the providers the standard fee.

Senator WONG—So DEWR said, 'We'll pay them \$15,' and you said: 'That's fine. We'll just put it in the request for tender.' Is that how it works?

Mr Dolan—We made it very transparent to tenderers that, if they wanted to do comprehensive work capacity assessments, they may be engaged by the Department of Employment and Workplace Relations to undertake the JSCIs as well.

Senator WONG—How long do you think someone will spend with a job seeker if they are being paid \$15?

Mr Dolan—You would really need to talk to the Department of Employment and Workplace Relations.

Senator WONG—Have you considered that? It is in your request for tender. Did you consider that when you put that in as a condition?

Mr Dolan—Again, it is in the request for tender. We would say that, in filling out the JSCI, it was anticipated that CWCA providers would be engaging with the customer and the information they would be getting from the customer could then feed into the JSCI. But regarding the costing of the \$15, you would need to confirm that with the Department of Employment and Workplace Relations. It is a requirement within our overall request for tender.

Senator WONG—Can I check the fee structure, which is at page 59 of the request for tender? I am trying to clarify the interaction between the two per cent rate and the higher rate for CWCA clients with a medical impairment rating. Would you envisage many job seekers who would not fall into the category of having a medical impairment rating being referred to specialist providers?

Mr Dolan—We have not precisely estimated the numbers of people who would go into each category and who would be referred to a specialist appointment. The decision to refer someone to a specialist assessment appointment will be dependent on the circumstances in any particular case. But it would be a matter of expectation that there may be a greater preponderance of people with a medical impairment going to specialist referral. We have not made that a requirement in the RFT; we have not set any boundaries around that. We have indicated that there will be some guidelines for assessors about referring people to specialists.

Senator WONG—In developing this document, were there any estimates done of what proportion of job seekers would fall into each of the two fee categories?

Mr Dolan—Yes, we have done that.

Senator WONG—Could you take that on notice?

Mr Dolan—Sure.

Senator WONG—Is it envisaged that the two per cent of referrals to specialists would be in relation to persons in both of the fee categories?

Mr Dolan—That is quite possible. A person may be sent for a specialist referral, say, for an IQ test. That could occur under either circumstance, so we have left providers the flexibility to send people to specialists, whether it is a medical impairment rating CWCA or a CWCA that does not require a medical impairment rating.

Senator WONG—Is there any compulsion in the request for tender document to ensure that the provider follows up with people who are waiting to be assessed by specialists? In other words, is there some requirement on the provider to ensure that when they refer somebody that person is in fact seen, and seen in a timely manner?

Mr Dolan—Are you talking about the specialist referrals only?

Senator WONG—Correct.

Mr Dolan—Given that the referral to a specialist would be required to finish the assessment, in that case the assessment would not be completed until the specialist input had been obtained.

Senator WONG—In other words, people would not get paid? I am trying to work out what the driver is that makes sure people actually get in to see the specialist. Is it the provider's responsibility to do that?

Mr Dolan—Yes, it is. The incentive on the provider is to get the right assessments for individuals.

Senator WONG—Let us not go back to the general level. When do the providers get paid? Do they get paid at the conclusion of the assessment?

Mr Dolan—They get paid on completion of the assessment.

Senator WONG—Okay. So that is the driver, presumably. If they refer someone elsewhere, they have a financial incentive to make sure that that person is seen.

Ms Scott—Yes.

Senator WONG—Was the early intervention engagement pilot run by DHS?

Ms Scott—That was actually run by the Department of Employment and Workplace Relations. We had participants in it. Centrelink, Health Services Australia and CRS all participated, but there were also private participants.

Senator WONG—Mr Dolan, on the last occasion you referred to payments between \$180 and \$230 for the standard CWCA. Was the actual request for tender at a higher level than what was originally envisaged?

Mr Dolan—I do not think so. They include GST, so they are about \$230.

Mr Leeper—We were trying to forward manage some of the expectations of some of the providers. At the November hearing we would have been talking to you about the exposure draft figures and we were testing our price in the market, because we wanted to bid for quality, not for lowest price. The feedback from the exposure draft—

Senator WONG—Given that you have raised that, Mr Leeper—thank you for that—when you say quality, what is this amount supposed to cover? Is this is how many people would be

involved in the assessment excluding referrals, how many sessions and what level of qualification?

Mr Dolan—Could you repeat the question please?

Senator WONG—You have indicated an amount of \$253. I want to know what you are assuming underneath that. This is excluding referrals. Are you assuming a single person assessing, and how long are you assuming that they should spend with them?

Mr Dolan—We have gone to the market indicating that this is the amount we pay for an assessment, and another amount if it is a medical impairment rating. We are not being prescriptive in the RFT, in terms of how people do that. We have made it very clear that that is how we want people to provide quality service with the money that is on the table.

Senator WONG—In other words, you do not mind if they only spend five minutes with somebody?

Mr Dolan—We do mind. What we are saying in the RFT—

Senator WONG—Well, you don't. If they assess in a way you say is correct, five minutes is not something you care about. You do not prescribe any time for the interview, do you?

Mr Dolan—I would like to qualify this by saying that we have made it very clear in the RFT that we are expecting high-quality assessments. The providers have to demonstrate to us that they have assessors onboard who can make high-quality work capacity assessments of individuals. We have made it very clear that they will be measured on their quality and that we will be monitoring their performance to ensure we get that high standard of service. We have made it very clear to them that we have an expectation of what they have to deliver.

Senator WONG—I understand that. We had this discussion on the last occasion. You have not been prescriptive, so there is no requirement for a minimum time with the job seeker, is there?

Mr Dolan—No, there is not.

Senator WONG—No; there is no requirement for the assessor to have any minimum level of qualification?

Mr Dolan—There is if there is a medical impairment rating. There must be an allied health professional and, in any other circumstance, the assessor has to be skilled and experienced. We made that a requirement in the documentation in making work capacity assessments of people.

Ms Scott—Senator, I think—

Senator WONG—No, let me finish the questions. Okay: exclude medical impairment. With medical impairment there has to be some relevant minimum qualification, correct?

Mr Dolan—Yes.

Senator WONG—But not in relation to any other assessment?

Ms Scott—They have to be experienced.

Mr Dolan—They must be experienced. Let us make very clear—

Senator WONG—No, experienced does not mean a minimum level of qualification.

Ms Scott—They have to be an experienced assessor.

Senator WONG—They have no minimum requirement as to qualification.

Ms Scott—I think this goes to the answer to a number of your other questions.

Senator WONG—I accept your position, Ms Scott. You are buying outcomes; I accept that.

Ms Scott—That is right; we are buying outcomes. Why would it be in the interest of the provider to delay the service? That would delay their payment. To give shoddy service would affect their ongoing future income. So the quality is built into the RFT. It is going to be built into the guidelines; we are going to have an independent quality assessment process that we are monitoring. At the end of the day, these providers are paid on their results. It would not be to their commercial interest to provide inferior service.

Senator WONG—Ms Scott, I do not think I was asserting that, actually.

Ms Scott—I was trying to answer your question.

Senator WONG—You have agreed there is no minimum time; you have agreed that except in relation to medical impairment there are no minimum requisite qualifications. Correct?

Ms Scott—There is experience. They have to be an experienced assessor.

Senator WONG—No, qualification. What is the difficulty with the department understanding that question? Understand that qualification is something different to experience. It may be just as legitimate, Ms Scott. That is the decision you have made, but there is no minimum qualification requirement to assess under the CWCA. Is that correct or not? Just answer that question.

Ms Scott—Yes and no.

Mr Dolan—Yes and no.

Senator WONG—It is not ‘yes and no’.

Mr Dolan—There is no minimum, but, in selecting the private CWCA providers, in the selection criteria on pages 62 and 63 of the RFT we have made it very clear that providers have to demonstrate to us that they have got experience in doing work capacity assessments—

Senator WONG—Experience. Is there a minimum required qualification level?

Mr Dolan—No, but they have got to demonstrate the experience—

Senator WONG—Thank you.

Mr Dolan—and, in the tender process, we are selecting the—

Senator WONG—Mr Dolan.

CHAIR—We have to let Mr Dolan answer in the way he wishes, Senator Wong.

Senator WONG—Okay. I have accepted that you need them to be experienced. Can we leave that to one side? I am asking, do you require any minimum qualifications?

Mr Dolan—The answer is no.

Senator WONG—Thank you. So no minimum qualifications and no minimum amount of time to be spent with them—is that right?

Mr Dolan—We have no prescription around the way assessments are performed. We have clear expectations in terms of outcomes and quality assessments and very clear expectations on providers that their performance will be assessed rigorously. Those expectations, we believe, will provide high-quality assessments and we will not be prescribing outcomes.

Ms Scott—I think that in terms of focusing on inputs and whether it is 10 minutes or 15 minutes, we are going to be paying on outcomes and I think that is a reasonable conclusion to reach.

Senator WONG—We understand that you are paying on outcomes.

Ms Scott—And on the quality of the outcomes.

Senator WONG—I am clarifying what you are not ensuring and you are not prescribing minimum qualifications or any length of time. You are paying on outcomes.

Ms Scott—And we are prescribing the quality of the outcomes.

Senator WONG—How are you doing that?

Ms Scott—We are going to have quality assessment processes and monitoring and we are going to assess the movement of people through the system in terms of whether they turn up at the Job Network or at the third-party referral or to the CWCA process itself.

Senator WONG—Finally, can someone explain to me, on page 67, the \$7 million on the modification of the compliance regime?

Mr Leeper—That is Centrelink. Would it be possible for us to come back to that when Centrelink is at the table?

Senator WONG—I might leave that for one of my colleagues because I am late and will have to leave.

Senator CAROL BROWN—I want to go back to answers that were supplied to questions on notice. There was a particular question asked by Senator Moore, question HS12, which indicates that the question was answered at ‘page F&PA 104’. I have gone to F&PA 104 and I cannot find out where that is actually answered. The question was about consultancies and the difference in the two figures in the annual report. Do you have a particular person responsible for answering questions on notice?

Ms Scott—Senator Moore then refers to page 53 and I think that that is effectively the answer.

Senator CAROL BROWN—Senator Moore’s question—

Ms Scott—I think she said:

I have my moments! It is at the bottom of page 53 under the heading ‘Total expenditure on new and existing consultancies’. There is a figure there of \$446,624.

Does that help you?

Senator CAROL BROWN—No, that is not helping me. I want to know what the difference is and your answer is that this question was answered at page F&PA 104. If you turn to 104—

Ms Scott—My recollection is that the question was asked and then answered effectively there and then by that reference.

Mr Leeper—Sometimes it is in the way the questions are given to us. In that particular case, had the question included the previous substantive paragraph from Senator Moore I think we might all have concluded that the answer was given in the hearing. The previous paragraph talks about—

Senator CAROL BROWN—I understand what you are saying, but can you go to F&PA 104 and explain to me where the answer is in there—even though, apparently, Senator Moore has already given it—

Mr Leeper—If you look at the third time on the page that Senator Moore is recorded in the transcript I think the answer might be in the middle there. She says:

I have a specific question about consultancies in Human Services because in the annual report ... a gross figure is given for the amount of consultancies. I just cannot make it out, and that is probably my difficulty with being able to add up.

Then it appears to be answered in the next substantive comment from Senator Moore herself.

Senator CAROL BROWN—Senator Moore is not listed in the copy of the transcript that I have of F&PA 104.

Mr Leeper—It is on Tuesday, 1 November 2005.

Ms Scott—It is in the next paragraph down. Senator Moore was asking a question and she found the answer herself, as we turned to various pages. She found the answer at the bottom of page 53.

Senator MOORE—What has happened here, Ms Scott, is that other people have come and looked at the answers. It is a classic example arising from how the answers and questions are actually submitted, because that should never have been submitted as a question on notice. That is the clear point, and we are trying to wade our way through it, because different people have been handling it. We will keep searching our way through there, but we want to have one more go on the questions on notice—and I am not going to raise the same processes Senator Wong raised earlier.

It seems to me that one of the major issues is that we have received a lot of answers late, a lot of them referring us to annual reports. If the issues are that we are not effectively reading annual reports I think we should be able to have some kind of discussion about that. There is a series of answers here that we got on the role of DHS—the question was No. HS54. I want to use that as a clear example of how we can try to work this system better. There are a number of specific questions there about the role of the Department of Human Services. It was a relatively new department and we were trying to work together to see how it was formed—and I will have similar questions later—so we put a whole bunch of those on notice. Significantly late in the process we get back the formal response from the department to that range of questions. Basically, you need not have bothered to give us a response because it

could have been, ‘Read the annual report,’ which is basically what that says. But they wanted more than that, Ms Scott. We did read the annual report. We wanted to see more, to build on those answers and look at how it was developing. So what we want to do is see how we can stop this impasse, where we asked questions and we get a response like that, very late, which means we are going to start all over again. Is there some way we can break this cycle so that if there is an issue like that we can be contacted between estimates so that we will not be going through that process.

Another classic example of that is a very complex question—which you have already referred to in a previous answer—about Centrelink fraud.

Ms Scott—I think that is 46.

Senator MOORE—I thought you would know that one, because it is a classic. The opening part of the response we received back—again, at the end of the cycle—was, ‘This is too complex to answer,’ and ‘We have spent all this time doing it.’ There must be a better way instead of meeting here every three months and going through it. It would be nice if we could explore that.

Ms Scott—Because of the cost of and the time taken in answering the questions, where we feel that an answer is already available in the public domain—for example, setting out our role, which is clearly done in the annual report—we will try and save time by making reference to that and we will include specific page references. I think it is a good use of taxpayers’ money that we would refer you to public documents that are in the public arena. We are being very up front with our role, so it is not as though there is a hidden explanation for our role.

In relation to questions where the information sought is too detailed, it often takes a number of hours to get to the stage of working that out. It is very time intensive task. And people make the decision very carefully that an answer is going to require a whole new data set because we do not actually have that data available. Where there is a data set available, and it cannot be publicly referenced, we do provide comprehensive answers. The great bulk of answers provide comprehensive material. Where data is on a website that we can refer to I think that is the most cost effective way to do it. The answer to question 1 is a classic case in point: we are now starting to include in our answers an estimate of the time and the cost, and a very conservative cost estimate at that.

We would like to, as much as possible, answer as many questions as we can here rather than take them on notice, because that is more timely and, to be frank, more cost effective. If the answer is publicly available we will refer to that answer and I think we are perfectly justified in doing that. Where finding the information requires a considerable diversion of resources that would impede our capacity to deliver we will state very clearly that we cannot. But in relation to the question you asked, we have provided a two- or three-page answer that is quite comprehensive in parts. We just cannot answer question 1. We have explained why we cannot answer it: Centrelink does not keep statistics on this.

Senator MOORE—We have gone through, and I understand, the issues about the dedication of time, trawling through information and the historical context of questions about

previous financial years and the prosecutions rate. How long does it take to tell us that you cannot give us what we want?

CHAIR—Take that on notice, Ms Scott!

Senator MOORE—Does it take the whole three months to come back here with that answer?

Ms Scott—We are not dealing with the whole three months. We only got the questions in written form on 14 November.

Senator MOORE—That is three months. I know there is Christmas in there; I did not discount that.

Ms Scott—We commence immediately the gathering of the data. I think earlier you were intimating the question: could we give an indication early on that we are not going to be able to answer. I would be very pleased to take that on notice and consider whether we can get back to you at an early juncture to say, ‘That data does not exist. We do not collect that information,’ or, ‘That information will require a very considerable investment of taxpayers’ dollars and Centrelink’s time in order to create it.’ When we get situations where we are up to almost 300 hours to answer a question, it might be the case that senators consider that exercise to not be warranted; an interface would, I think, be a constructive exercise. I would welcome that.

Senator MOORE—That is what I am trying to get to. I think this is the third consecutive Senate estimates—almost since your department started coming to us—that we have taken time to talk about responses to questions. I am not going to go back over the previous stuff, because we know about the complexity, the volume and the fact that you are an umbrella agency for a number of others. We know all that. But we will continue to ask questions the same way that Senate estimates have asked questions for at least 20 years.

Ms Scott—I have been in other places at other times where senators have equally impressed upon me the need for answers to be delivered on time. All departments struggle. It comes down to the complexity of the questions, which are particularly difficult in some of the areas that we deal with, and the subparts of the questions. We are not dealing with 66 questions; we are dealing with many hundreds of questions.

Senator MOORE—Because the clear thrust of the one that talked about the process of how the questions went through several departments and when they went to the minister’s office, is there some way to work out what the cycle of response was and what the different steps along the way were between you and the agency responsible? In terms of consideration between now and the next estimates, can we work out a process between the area responsible in your department and the secretariat whether we can get something whereby, if you go back to an agency on Thursday—you get the questions on notice from this one tomorrow—

Ms Scott—No. It is normally about a fortnight after estimates that we get the written questions. I would welcome two things. Could the Senate indicate whether they want us to spend \$20,000 or \$30,000 of taxpayers’ money to find particular answers? That would help us, because we could, for example, say, ‘In that question there are some figures from the Director of Public Prosecutions.’ That may meet your requirement. It may not be exactly what

you are after, but you may feel that that is a sufficiently good answer without expending, say, another \$20,000 or \$30,000. So we would welcome the guidance of the Senate in terms of how many hours we should take, or what the cost should be. At the moment, we try to make those determinations based on good judgment. I think we do a very fair job, and I think we have always erred on the side of trying to satisfy the committee's requirements rather than in any way penny-pinching. If, in asking a question, you said to us, 'Do not expend more than 30 hours in providing the response,' that would be marvellous guidance for us.

Senator MOORE—We would never do that, though.

CHAIR—Can I just jump in? Ms Scott, that is really an issue for the executive, and the parliament will question the executive on their judgment—that is the way it works, I am afraid.

Senator MOORE—We would actually welcome a process whereby—if your people are finding very early in the process that this is going to be a question that requires more complex consideration, such as the one about public prosecutions—there was some speedy indication back to the person who asked the question. That may break the nexus and may then cause them to make a decision about whether to pursue it or whether to go—

Ms Scott—All right.

Senator MOORE—But something has got to happen, because we cannot be receiving responses to questions this morning for previous hearings and then try to work out what is happening.

Ms Scott—I think that is a very good idea. I welcome your suggestion. Certainly, in freedom of information matters, there is an interaction between the requester and the person seeking to meet the request: can they narrow it; can they clarify what the question is? I think, given the complexity of the material, we will always struggle to meet what is a very difficult deadline.

Senator CAROL BROWN—They are not all complex questions, and clearly not much effort has been put into some of the answers that have been given. For example, the question was: what was the cost of the local liaison officer program? The answer was: this program is managed within existing resources. You know that that was not the answer they wanted—they wanted to know how much that particular program cost.

Ms Scott—Can you refer me to the number of that question?

Senator MOORE—This is a classic response to the annual report.

Senator CAROL BROWN—It is HS54.

Senator MOORE—I think we could call this one the 'Department of Human Services Annual Report for Dummies'. It is actually referring a whole range of questions about the role of your department through the annual report. That is fine, but I think Senator Evans was seeking significantly more when he asked those questions than what was in the annual report. Senator Brown has just referred specifically to No. 8: what was the cost of this program.

CHAIR—Perhaps Ms Scott could look at this over the break?

Senator MOORE—That would be good.

Proceedings suspended from 9.29 pm to 9.42 pm

CHAIR—Order! The committee is still on general questions with respect to the Department of Human Services.

Senator MOORE—I think it would be useful if we could come to some kind of process internally before the next cycle with questions on notice that require this degree of investigation and cost so that there could be some link from the department back to the secretariat to give us some warning about that to see whether we wished to pursue those questions or not so we do not get to this. That would be good.

Senator Colbeck—We will take that through as a point to be taken back to the minister and see if we get a response. We will seek a comment from the minister; I think that is the most appropriate response.

Senator MOORE—I am going to a question on notice straightaway, a very straightforward one that you would be expecting. It is on the filling of the positions and the current establishment. One of the responses which was timely and accurate showed your current establishment, the number of positions you have and your plan to have those positions filled by June of this year. There were considerable areas where you were hoping to recruit between now and then, and I would like the same model between what you have now and June this year to see how many jobs have been filled in the last cycle.

Mr Leeper—The answer, Senator, will be: quite a few. There are not many vacancies that we have yet to fill.

Senator MOORE—In the answer it is 30. There is a box where you have it and, if I can just have that updated, that would be good.

Mr Leeper—Certainly.

Senator MOORE—We have some questions on Centrelink and some more on e-health and smart cards.

Senator CAROL BROWN—I have a few questions about smart card. I have been reading about it in the paper today. I was very upset to hear that the Minister for Health and Ageing, Tony Abbott, is a bit frustrated. My first question is on e-health costs and the smart card. How much have the department and agencies spent and allocated to the development of e-health since its inception?

Ms Scott—If we are going on the article in the press today, I would have to say that I found it particularly confusing because they started to mix up some initiatives that come under the responsibility of the Department of Health and Ageing and some of the things that we are dealing with. There are figures in additional estimates for the work we are doing on smart card going forward, looking at the business case, privacy implications and legislation implications of smart card. The expenditure that Medicare Australia has spent in relation to the Tasmanian smart card is 4.375.

CHAIR—Is that \$4.375 million?

Ms Scott—Yes. There was a figure in today's press—they were talking about \$600 million. We have not spent anything like that on smart card development. We have \$4 million in

additional estimates for smart card development—for the development of a business case and so on. I am advised that Medicare Australia has spent \$4.375 million on a smart card. In terms of e-health initiatives, a large element of the e-health agenda actually belongs to the Department of Health and Ageing. We are trying to do more work online. I could ask Medicare Australia to come to the table. They could talk about HIC Online, which is one of the online initiatives. But the figures mentioned in the press are just a conglomeration of multiple programs that incorrectly were attributed to smart card.

Senator CAROL BROWN—I understood that the \$600 million figure was also mentioned in a speech that the Minister for Health and Ageing, Tony Abbott, made.

Ms Scott—That is correct. He gave a speech on Tuesday, 2 August 2005. He was talking to the Health Informatics Conference. He was talking about the amount that had been spent since 1999 on GP IT. That amount relates to a program called the Practice Incentives Program. That is part of the responsibility of the Department of Health and Ageing.

Senator CAROL BROWN—Okay. I will ask my questions and see how we go. Can you tell me how many GP practices are now using HIC Online?

Ms Scott—Yes. Around 25 per cent of bulk-bill claims and 5.4 per cent of patient claims are currently using HIC Online. Do you want the number of practices or the number of transactions using HIC Online?

Senator CAROL BROWN—The number of practices.

Ms Scott—I think around 30 per cent of practices are currently using HIC Online for claiming patient bill and bulk-bill claims.

Senator CAROL BROWN—Do you have any idea how many GPs that covers?

Ms Scott—Do you want the actual number?

Senator MOORE—We want the practising numbers.

Ms Scott—I think my colleagues are just getting the number for you.

Mr Trabinger—Sorry, could you repeat the question?

Senator CAROL BROWN—My first question is: how many practices are using HIC Online, which is about 30 per cent? And my second question is: how many GPs does that cover?

Mr Trabinger—The precise number of practices overall is 4,517.

Senator CAROL BROWN—Do you know the percentage? Is that 30 per cent?

Ms Argall—There are 4,517 practices in total; 3,322 were general practices.

Senator MOORE—That is not the practitioners.

Mr Trabinger—That is practices, not the number of doctors.

Senator MOORE—Can we find out how many practitioners are using it?

Mr Trabinger—In terms of the number of doctors, I can say that 14,470 doctors transmitted bulk-bill claims and 3,923 doctors transmitted patient claims—that is, non bulk-billed items.

Senator CAROL BROWN—Are you aware of any GP claims that are rejected because of incorrect patient details?

Mr Trabinger—In the system, when a claim is sent through we do a range of checks to ensure that all the data are there. If we are unable to make a match with the information we have been provided then there is the chance that the claim will be rejected and sent back to the doctor's surgery.

Senator CAROL BROWN—Do you have any statistics on rejected claims?

Mr Trabinger—I do not have precise numbers with me tonight, but certainly we would be able to provide that.

Senator CAROL BROWN—Thanks. If you are going to get that information for me, can you also let me know how often a claim is rejected? What sort of data do you collect on rejected claims?

Mr Trabinger—We would certainly be able to provide information on the percentage of claims that are rejected. We would have some information on the reasons as to why the claim is rejected, so certainly we would be able to pull that out.

Senator CAROL BROWN—What happens when a claim is rejected? What is the process that you enter into?

Mr Trabinger—The claim would be sent through to Medicare Australia. We would then run it through the assessment system. If it was going to be rejected, we would then send it back to the desktop in the doctor's surgery with an explanation as to why that particular claim had been rejected.

Senator CAROL BROWN—Whose responsibility is it to ensure that Medicare Australia has the correct patient data?

Mr Trabinger—In terms of the claim coming through to Medicare Australia, we put out a specification on the sorts of information we require in order to be able to process the claim. That information is then made available to doctors and to software vendors who develop products for doctors, to make sure that all that information is available. So the systems used by doctors generally have routines that make sure all the information is there. Often the reason a claim is rejected is because the information that is provided does not match back to that already held by Medicare Australia.

Ms Argall—If I could just add to that: it is important for Medicare Australia to satisfy ourselves that we have an eligible provider and an eligible patient.

Senator CAROL BROWN—I understand that. If a claim is rejected, how long does it take for the doctor to be informed that the claim has been rejected?

Mr Trabinger—A doctor who is submitting a claim in a real-time environment would be advised immediately. Some doctors choose to batch up their claims and send them at the end of the day or at the end of the week, so that would basically be the lag before they were advised.

Senator CAROL BROWN—Minister Abbott has said that there is no reason why participation in HIC Online should not be compulsory. Is that the intention of the department?

Ms Scott—That gets to a policy question. We would be keen to get as much take-up as possible, but whether the government will make it compulsory or not is really a policy matter for the government.

Senator CAROL BROWN—You do not have any information for me, Senator Colbeck?

Ms Scott—We would welcome it, but at the end of the day it is a policy decision for the argument.

Senator Colbeck—You have Minister Abbott's comments. He would need to get the rest of the government to agree to that, and particularly the Prime Minister and the cabinet.

Senator CAROL BROWN—I have a few questions about the Tasmanian trial. How many Tasmanians now have a Medicare smart card?

Mr Trabinger—I can tell you that, as of 24 January 2006, 3,619 customers had registered for a Medicare smart card, with a total of 2,450 physical cards being issued.

Senator CAROL BROWN—Can you explain the process? Who is eligible to request a Medicare smart card?

Mr Trabinger—All citizens in Tasmania—we are running the trial in Tasmania—are entitled to have access to a Medicare smart card. What we have been doing is sending out a letter inviting those customers whose normal Medicare card is about to expire to take up the new Medicare smart card.

Senator CAROL BROWN—Have all customers who have indicated that they would be interested in taking up a smart card been given a smart card? Have there been any problems with personal information or the data that you need?

Mr Trabinger—The process for getting access to a smart card requires some proof of identity. There have been times when customers have not had all the information required. But all the customers who have provided the information have received their smart card.

Senator CAROL BROWN—You have 3,619 customers who have expressed an interest in having a Medicare smart card but only 2,450—

Mr Trabinger—The difference between those two numbers is that one is the actual number of customers and the other is the physical cards that have been produced. There may be multiple customers on some cards.

Senator CAROL BROWN—With the personal identification criteria, if an applicant for a Medicare smart card needs to supply a birth certificate, can Medicare Australia contact the relevant state or territory registry office and obtain a birth certificate, or does the customer have to pay if they do not have one?

Mr Trabinger—My understanding is that the customer has to go and get that information. I would have to check on whether we have been working with the state registrars on behalf of the customer in any cases.

Senator CAROL BROWN—So it is not something that is a matter of course.

Mr Trabinger—My understanding is that the customer is required to bring in the proof of identity documentation.

Senator CAROL BROWN—Have you looked at Medicare Australia perhaps requesting the information from the registry offices?

Mr Trabinger—I am not aware whether we have or have not.

Ms Argall—We will take that question on notice and make sure that we are giving you the appropriate information.

Senator CAROL BROWN—Thanks.

Senator MOORE—I have a question on the Tasmanian trial. I do not know how many people are in Tasmania—

Senator Colbeck—About 485,000.

Senator MOORE—In your project planning, what kind of numbers did you plan would be picked up in this trial? If the number Senator Colbeck said is the proposed full pool, and you already have 3,619 applying, what was the project plan—how many did you want to pick up in this trial?

Mr Trabinger—We made allowance for up to 40,000 cards. I would add that, as I mentioned earlier, we were inviting people to participate—

Senator MOORE—Personal invitations.

Mr Trabinger—That is right—and we have sent out 13,152 invitations since July 2004.

Senator MOORE—Is that just as people's cards are due to expire?

Mr Trabinger—That is correct.

Senator MOORE—You cannot jump off a current card onto this one in the middle of your lifespan?

Mr Trabinger—You could.

Senator MOORE—I was interested to see what the plan was. What percentage is that? It does not matter; we will work it out.

Senator CAROL BROWN—I have a question about table 28 in the annual report, on page 242.

CHAIR—What does that relate to?

Senator CAROL BROWN—Consultancy services.

Ms Scott—Which annual report—which agency or department?

Senator CAROL BROWN—Medicare.

Ms Scott—Chair, is it the intention of the committee to be asking further questions of the Child Support Agency?

CHAIR—No.

Senator CAROL BROWN—On page 242, in table 28, you have Brandmark listed for a consultancy of \$215,000. Can you tell me exactly what Brandmark was doing, what they were engaged to do?

Ms Scott—This relates to our report, Human Services, not Medicare.

Senator MOORE—I think it relates to Medicare.

Ms Scott—I think I will be able to help the committee. Brandmark was engaged for the development of a communications program. He worked on a range of communications initiatives, including work on scripting, production, communications and working with our communications team on an approach to communications involving better connections between the department and explanations of government programs to individuals. For example, we have run a program on students online, and Brandmark was doing some early developmental work there, and for Support the System that Supports You and the drought program.

Senator CAROL BROWN—Did they do any work with the HIC and Medicare?

Ms Scott—Brandmark were involved in working with our communications area and with each of the agencies. I think they had meetings and discussions with every one of the agencies. But the principal programs that Brandmark assisted us with were the three that I mentioned.

Senator CAROL BROWN—Are they currently engaged by the department?

Ms Scott—No. The consultancy work has been completed.

Senator CAROL BROWN—I have a couple more questions about e-health, Medicare Australia and the smart card.

Ms Scott—We will see how we go.

Senator CAROL BROWN—I understand that Dr Brian Richards, who was brought in last year to provide leadership to HealthConnect, has recently left. Can you tell us who is providing this year's leadership and what the outcomes of Dr Richards's efforts were?

Ms Scott—Dr Richards used to be an employee of Medicare Australia. He then became an employee of the Department of Health and Ageing who has done considerable policy work in the area of e-health. This goes back to that initial point I made that we are responsible for some delivery aspects but the policy work on e-health and national e-health identifiers belongs to the Department of Health and Ageing. So it is the Department of Health and Ageing that could talk about recent work that Dr Richards has done in their organisation.

Senator CAROL BROWN—Has his position been filled in Medicare Australia?

Ms Argall—I think you are referring to the work that Dr Richards has been doing in the Department of Health and Ageing over the last 12 months. He left Medicare Australia in January 2005. For the last 12 months he has been working on the e-health agenda in the Department of Health and Ageing. He has recently moved into a different role within the Department of Health and Ageing.

Senator CAROL BROWN—Thank you.

[10.03 pm]

Senator MOORE—We should be able to move to questions to Centrelink for the rest of the evening. We have various sets of questions. They are quite detailed. I will give you the areas before we start so that you know which officers will be required.

Ms Scott—Thank you very much. I do appreciate that.

Senator MOORE—Child-care data exchange with the tax office and Aboriginal housing tenants and rent assistance.

CHAIR—I think Senator McLucas has some questions on Centrelink as well.

Senator MOORE—Carers allowance is the first one.

CHAIR—Just to be clear, Senator Moore: for the rest of the evening it will be Centrelink.

Senator MOORE—Yes.

CHAIR—Everyone else can go. It is just Centrelink, Ms Scott.

Ms Scott—Thank you very much. We appreciate the senators' cooperation on this.

Senator McLUCAS—I have some questions about the process of applying for the carers allowance. Firstly, what is the frequency of having to reapply for a carer allowance?

Mr Dunn—The frequency largely depends on the circumstances of the condition of the child that you might be caring for, but by and large you have to apply infrequently. Once you do apply, unless there is some substantial change in the condition, there is no reason to reapply. That is my understanding.

Senator McLUCAS—Can you give me an indication of the severity of the condition? Is there a trigger that says: if this is your condition, you do not have to reapply? What is the trigger for reapplication?

Mr Dunn—I do not have that detail with me, but we can find out for you and let you know before the end of the evening.

Senator McLUCAS—Okay. I have to go to the committee next door, which I will do, but I have another question—which probably is not to you—

Mr Dunn—If there are any other questions of that nature, we can find out that information for you and get back to you.

Senator McLUCAS—It does hinge on that answer. Can you tell me when the trigger is triggered for the reapplication process for carer allowance. I am also interested to know how Centrelink advises a carer allowance recipient that they have to reapply. I suppose it is one and the same question.

Mr Dunn—We will find out for you.

Senator McLUCAS—The other question I have, with the committee's indulgence, goes to some detail on the number of people with autism and the number of people with Asperger's syndrome who are granted the DSP. Is there someone who could give me some data on that?

Ms Hogg—We can get that information for you, but we do not have it here with us tonight.

Senator McLUCAS—So you do collect data on the disability of the person on DSP?

Ms Hogg—In broad terms, so we will see if we can get it to that level for you.

Senator McLUCAS—Can you give me an indication of what broad terms you collect on?

Ms Hogg—We usually collect information on whether it is—

Mr Whalan—We certainly go to the level of autism. The question is whether we would go beyond that into the subcategories.

Senator MOORE—Could you give us the list of categories, or have we asked for that before?

Ms Scott—I think there has been a previous question about the categories. I will use my time to find out—

Senator MOORE—Can you refer to that one?

Ms Scott—All right, I will do the research and see what we can do.

Senator MOORE—It is just that that is going to become more important as the process goes on. We would like to see exactly what the categories are—and, if you have already given to us, we will take it again.

Senator McLUCAS—That would be terrific, and if you can disaggregate Asperger's and autism that would be great, but I do recognise that you may not collect on Asperger's. Do you have a timed series of that data? Is it reasonable to ask Centrelink to give us some information back over a period of time? I do not want to put the department through a very expensive exercise, but if it is a fairly simple exercise, it would be useful to have that data over the last 10 years.

Mr Whalan—Would it be reasonable that we look at what is readily available and, if it is readily available, we provide it, but, if it is not readily available, we provide a year ago and this year—12 months ago and the latest data?

Senator McLUCAS—I am interested in hopefully five years, and 10 years would be fantastic. I am actually looking for a bit of a trend over time. So five years would be great, if that is not too difficult for Centrelink to undertake.

Mr Whalan—We certainly have to take it on notice and look. My only concern is that I am not sure that we are going to have five or 10 years worth of data, but we will have a look.

Senator McLUCAS—The other thing I am interested to know is whether you have data by state. Possibly you will have.

Mr Whalan—Once again, I would expect at the moment that we would have data by state, but I am not sure how low a level of differentiation we are going to get in terms of the subcategories. I doubt we are going to have it going back over time. I understand what you are interested in and we will get what we can reasonably get for you.

Senator McLUCAS—I accept that. I do not want people spending hours going through application forms, for example. But if that data has been collected, that would be really useful. The final one is the really tricky one. Can you provide it to me in age cohorts?

Mr Whalan—Once again, I will take that on notice and I give the same response. I think we are getting into some large degrees of difficulty, but we will look and provide what we can readily and reasonably provide.

Senator McLUCAS—I am always hesitant to ask for it from age of receipt to 20, for example, if you collect it in another way. But I am interested in knowing particularly the number of young people who are recipients of DSP who are autistic or have Asperger's

syndrome. If I ask for data up to the age of 20 and you collect it up to the age of 22 or something then let us use the cohort that you use. That would be particularly useful. But then I would like data on middle-aged people in the general sense and then older people who are recipients of DSP.

Mr Whalan—We had quite a discussion earlier in this session about some of the difficulties of giving answers to quite complex questions. Of the things you have asked for, is there anything that is a particular priority for you?

Senator McLUCAS—Young people by state and over time.

Ms Scott—Could this be one of the questions on which we could seek to engage with you by coming back at a relatively early stage to indicate whether we have that data available and whether it would be an inordinate task to get it to be available? Rather than wait for the potential disappointment in May, we might be able to engage relatively early on through the committee secretariat about whether we actually have the data that you have sought at the level you have sought it.

Senator McLUCAS—I am trying to be as accommodating of your data systems as I can.

Ms Scott—I think we should try to be as accommodating back and give you some early indication.

Senator MOORE—I have two sets of very specific questions on different payments. Senator Brown has a couple of questions on the compliance regime. That gives people some idea where we are going.

Ms Scott—What is the form of compliance?

Senator MOORE—Aboriginal housing, relating specifically to media coverage, and also child-care data and the agreement with the tax office that got media coverage. Those are the two specific areas. Can we do Aboriginal housing and rent assistance first. The questions on this have come out of a fair bit of media that went out in the *National Indigenous Times* in September 2005. I know you are aware of it—that is the media coverage I am talking about. It was about rent assistance and people from the New South Wales Aboriginal Housing Office. That is the background. Is the department across that issue? You are involved in discussions on that one?

Mr Whalan—Yes.

Senator MOORE—Is it right that the reason that the New South Wales Aboriginal Housing Office tenants are eligible for rent assistance is because AHO is considered to be a non-government or private housing provider? Is that what makes them different?

Mr Whalan—That is right.

Senator MOORE—It is my understanding from discussions that that makes them different from Aboriginal housing providers in other states and territories. With the exception of South Australia, people living with that accommodation are not currently eligible for rent assistance because Aboriginal housing is provided by state governments and is therefore considered to be the equivalent of public housing. Is that right?

Mr Whalan—Let me make some general comment—but note that this is a policy issue for the Department of Families, Community Services and Indigenous Affairs.

Senator MOORE—There is a policy component; this is the payment. It is the full ticket.

Mr Whalan—They make the call on whether those non-government organisations are eligible for rent assistance or not. There is a complex decision around the status of each of those organisations, some of which are small non-government organisations and some of which are organisations which were a close part of the government but have been pushed to an arm's length. But the call around whether they are eligible for rent assistance or not is made by Families, Community Services and Indigenous Affairs.

Senator MOORE—How is that implemented by Centrelink? How is that policy communicated?

Mr Whalan—In this case, Families, Community Services and Indigenous Affairs, FACSIA, says that the houses and residents of the Aboriginal Housing Office, which runs Indigenous community housing in New South Wales, are now eligible for rent assistance. They give a date of eligibility and rent assistance will apply from then. Of course, then we get into the complex interaction between means testing of Indigenous public housing and rent assistance.

Senator MOORE—Does FACSIA give Centrelink a policy document? Is it a list that you check when you are doing the assessment of a client? Can you check what their housing is and then go to the list and see whether or not it is listed there?

Mr Whalan—They make the call and advise us. We advise our officers that a group is now eligible.

Senator MOORE—Who advises the client?

Mr Whalan—Part of that responsibility is FACSIA's. They would be negotiating with the Indigenous housing organisation in New South Wales, who would have been arguing that the houses under its control, and the people who live in them, ought to be eligible for rent assistance. FACSIA would advise that organisation and then that organisation would write to the individuals. We do not have a map of what houses are under the control of the New South Wales Indigenous housing authority.

Senator MOORE—Your Indigenous services unit would not have that information?

Mr Whalan—No, because it is a subset of state government public housing.

Senator MOORE—So that is not part of the reference equipment that your Indigenous service units would have?

Mr Whalan—No, particularly because what you find is that there are hundreds of Indigenous housing organisations.

Senator MOORE—Most of their clients would be your clients.

Mr Whalan—There is no doubt that virtually every occupant of Indigenous community housing is our client, but we do not control the housing that those people live in.

Senator MOORE—So your involvement is stimulated by a claim?

Mr Whalan—Correct.

Senator MOORE—So unless the client makes a claim—

Mr Whalan—Correct.

Senator MOORE—What about the general responsibility of Centrelink officers to advise clients of their best situation?

Mr Whalan—Any client that comes in we would talk to about their circumstances. Are they paying rent? What rent are they paying? We would check. If they are paying rent, we check if they are paying it to a state housing authority or state housing authority related organisation. The difficulty arises because, once we have recorded that someone is paying rent to a state housing type organisation, we do not have sufficient information to actually segregate the community housing organisation from general public housing. When, for example, New South Wales gets a decision that the status of the Indigenous housing subset of public housing is going to change, we still do not know which subset of all clients in public housing in New South Wales are in that group. The people who know that are the people who control the tenancies in the Indigenous housing organisations.

Senator MOORE—How do your staff members know to pay rent assistance? That is the link that I am struggling with.

Mr Whalan—The way they know is that we send a note to our staff saying, ‘If someone comes in from the Indigenous Community Housing Organisation of New South Wales, we have been advised by FACSIA that the status of that organisation has changed. It is no longer public housing.’ FACSIA have advised the Indigenous housing organisation to write to all their tenants—

Senator MOORE—saying, ‘You should claim rent assistance’?

Mr Whalan—Saying, ‘You should claim.’ There is another layer of complexity here, and it is that you have to pay a minimum amount of rent to be eligible for rent assistance. Here we get into a cycle, because often in those Indigenous housing organisations people are not actually paying the minimum amount of rent to trigger rent assistance.

Senator MOORE—So that comes down to another eligibility criterion?

Mr Whalan—Yes.

Senator MOORE—The change that the *National Indigenous Times* was telling people about was the category of AHO in New South Wales?

Mr Whalan—That is right.

Senator MOORE—Would that mean that someone in Aboriginal housing in Queensland would not currently be eligible for rent assistance?

Mr Whalan—I doubt your comment earlier was correct when you said that you thought it was only in New South Wales. I believe a number of those organisations in a number states are eligible, but that is a matter for FACSIA in making that call.

Senator MOORE—We will be asking FACSIA the same questions tomorrow because of this unequal divide of you not being here with FACSIA.

Mr Whalan—Yes.

Senator MOORE—Do you have any kind of information sheet that tells people about who is and who is not eligible for rent assistance?

Mr Whalan—There is a general one.

Senator MOORE—There is a general one on the website; I have seen that. This one is not in yet?

Mr Whalan—There is the general eligibility for rent assistance which says that you have to pay so much rent and you have to be eligible for another payment, and you cannot be in a house that is controlled by public housing.

Senator MOORE—So it goes in a circle again: what defines public housing? Are you aware if FACSIA are doing any kind of review at the moment in this area?

Mr Whalan—I would not be surprised, but that is a matter for—

Senator MOORE—Is Centrelink involved?

Mr Whalan—Not to my knowledge.

Senator MOORE—We will ask them that tomorrow as well. If you find out that you are involved or that one of those sections is, can you let us know?

Mr Whalan—Yes.

Senator MOORE—We have been told that a number of AHO people in New South Wales have now taken up the opportunity to claim rent assistance.

Mr Whalan—That is correct.

Senator MOORE—Have you got any figures on that? Is that something that you keep, as a new category?

Mr Whalan—I do not think we would know because, once again—

Senator MOORE—They go into the pool once they claim.

Mr Whalan—Yes.

Senator MOORE—Can you have a look at that? It is a simple yes or no. If you can tell us that, that would be good.

Mr Whalan—I will say that it is a no, but I could correct it.

Senator MOORE—You may surprise me.

Mr Whalan—Yes.

Senator MOORE—The *National Indigenous Times* said, ‘Eligible tenants may be able to claim four years rent assistance arrears as well as their current entitlement.’ Is that right? In itself, that is a large backdate.

Mr Whalan—I would like to take that on notice.

Senator MOORE—Yes. If that is true, can you tell us how many people are eligible for that?

Mr Whalan—I do not think, once again, that we would know.

Senator MOORE—If you cannot, just let us know. It is significant to have a payment in Centrelink where a group of people can go back. Is it a fair statement that it is unusual to have a payment where you would have a 12-month backdate for a number of special clients?

Mr Whalan—It could be backdated. It would depend on FACSIA's advice to us on the date of initial eligibility.

Senator MOORE—Has Centrelink been involved in any kind of ongoing discussions with AHO about how they set their rents and the impact of rent assistance?

Mr Whalan—Yes, we have. We have had tripartite discussions with the New South Wales government, the Indigenous Housing Authority—

Senator MOORE—That is a state body?

Mr Whalan—Yes. And FACSIA and us. The reason that is important is that the Indigenous Housing Authority set their rents based on income, and rent assistance is a component of income.

Senator MOORE—That is right. Are you aware of whether AHO has changed the way it sets its rents after these discussions, or is that a pre-existing—

Mr Whalan—No, they would apply their existing arrangement and if someone was eligible for rent assistance their overall household income would increase and therefore their rent would increase. So on the one hand people will get additional rent assistance and on the other hand they will pay the housing authority additional rent.

Senator MOORE—Is that similar to public housing?

Mr Whalan—Yes, it is.

Senator MOORE—So it is actually falling into the same cycles.

Mr Whalan—Yes, it is. And the good news there is that the Indigenous housing authorities will be able to raise greater rent and make sure that they maintain the houses.

Senator MOORE—So the income is flowing.

Mr Whalan—Correct.

Senator MOORE—That is all on that, if you could just follow up on those specific questions. On child-care data and the linkage: there was media coverage showing an interagency agreement allowing the ATO to access child-care data from Centrelink. Is that right?

Mr Whalan—There are new arrangements which allow that to happen.

Senator MOORE—How does that work? I know that there is a long history in the departments of sharing data and data exchange, but how does this particular one work? Do you know what the stimulant to it is?

Mr Dunn—There has been a longstanding arrangement of sharing data with the ATO on child care.

Senator MOORE—It was one of the original exchanges, wasn't it—between ATO and Centrelink?

Mr Dunn—Child-care benefit needs to be reconciled against tax statements and all that, so that is a matter of pulling that information together.

Senator MOORE—The systems talk well to each other?

Mr Dunn—They do. Are you referring to it in the context of the child-care rebate?

Senator MOORE—I am.

Mr Dunn—Yes.

Senator MOORE—That was what the media coverage was about.

Mr Dunn—Yes. With respect to that, under the older process the data only needed to be exchanged at the end of the year. What we are doing now is exchanging the data earlier in preparation for the end of the year, particularly for the child-care rebate. Essentially it means that people put in their tax claims, they are then reconciled against the child-care data and we can feed that back to the tax office as soon as that occurs.

Senator MOORE—Does the client have to agree to the exchange of data for this purpose?

Mr Dunn—To have your child-care benefit reconciled this needs to occur. I am quite sure this is on the form, that it makes it clear this happens, but I would have to double-check that.

Senator MOORE—Does Centrelink do the reconciliation of how much CCB a customer has been paid versus the amount of CCB a customer is entitled to be paid for each financial year, once their income is known?

Mr Dunn—Yes.

Senator MOORE—When is the reconciliation done for most of the customers?

Mr Dunn—The reconciliation cannot be finalised until we know what the customer's income is for the year that it applies. Once they get that information from the tax office we can then calculate what their CCB rate would be and then we can reconcile that against what we actually paid them.

Senator MOORE—So that is what they claim and then what you have actually paid out.

Mr Dunn—Yes.

Senator MOORE—Does Centrelink know how much each CCB customer has paid for formal child care?

Mr Dunn—This is above their CCB component—the total fee?

Senator MOORE—Through the data exchange that you are having, does Centrelink keep the details of exactly how much the customer has paid? Do they have to tell you that?

Mr Dunn—In the new process—

Senator MOORE—Yes, this is all the new process; this is what the media was talking about—that there was this new deal done as part of the budget initiative and that this was how it was going to work. I am trying to work out exactly how it is going to be exchanged.

Mr Dunn—We will get back from child-care centres what the total fees paid by the individual were.

Senator MOORE—So what exactly does the customer have to tell you and what does the child-care centre have to tell you?

Mr Dunn—The child-care centre will tell us how much child care the person has used and how much they have paid. We will know how much CCB we have paid. So you basically have the difference between the CCB amount and the eligible fees paid.

Senator MOORE—And the actual out-of-pocket expenses.

Mr Dunn—In most cases, the total fees paid would be the same as the out-of-pocket expenses. I will clarify that. For CCB purposes and for our purposes people can only claim up to the 50 hours a week. If someone wants to go over that, they may actually pay more than the 50 hours, but because that is not a CCB related item we do not necessarily need that information from the child-care centre.

Senator MOORE—Would you get it, though?

Mr Dunn—Under the version of the system that is coming up, we will not, but it is certainly something we are looking at as the next stage.

Senator MOORE—Is this just for exchanging it so that there is one core place where all the information is?

Mr Dunn—Yes.

Senator MOORE—I am trying to visualise the movement between the various players. Does that mean that Centrelink is able to calculate every CCB customer's out-of-pocket child-care expenses?

Mr Dunn—If they go over the 50 hours—

Senator MOORE—Which is outside the limit.

Mr Dunn—which is outside the CCB amount—we may not be able to calculate that. That is my understanding.

Senator MOORE—But you should be able to calculate up to the 50 allowable hours.

Mr Dunn—Yes, and most will fit into that category. It is not so much Centrelink calculating that; that is also the information that we get back from the child-care centres.

Senator MOORE—This is an IT system, so this will all be done electronically.

Mr Dunn—Yes.

Senator MOORE—So no paper is changing hands.

Mr Dunn—Different child-care centres provide us with the data in different ways. Most use a software system which collects this information as well as other information they might need for their business. They either download the data onto a disk and send it to us or send it to us electronically.

Senator MOORE—But some still use paper.

Mr Dunn—Yes.

Senator MOORE—What do you prefer?

Mr Dunn—The quickest option for everyone concerned would be the electronic exchange, but we recognise that the industry is quite diverse and some centres are very small-scale businesses and need to work on a paper basis, so we allow for that too.

Senator MOORE—That means that you are the recipient of all this knowledge.

Mr Dunn—Yes.

Senator MOORE—You have the information from the child-care centre and the information from the Centrelink customer. What do you give Tax?

Mr Dunn—When a calculation is made in the first instance about what someone gets for child-care benefit, that is based on their estimate of their income. Once that estimate is finalised, we know then exactly how much child-care benefit they should have received. So we can provide Tax with the information that we know about their child-care expenses, Tax can compare that to their taxable income and we can work out whether there is any difference between the two.

Senator MOORE—So you will be providing the raw data to Tax; you will not be providing the calculation you have made?

Mr Dunn—I am not 100 per cent sure there, but I am quite sure that we will be providing the calculation that we have made.

Senator MOORE—So whatever the format, does the IT system automatically calculate it?

Mr Dunn—It does.

Senator MOORE—You feed in the data and it churns out the exact figures. So it will be the final amount that you will be swapping with Tax, not all the information that has led to that.

Mr Dunn—If we are looking at it for child-care rebate purposes—I would have to double-check this—I am quite sure we are providing the information on how much the CCB component was and how much their total eligible component was. That identifies the difference between what they spent and what they received in CCB.

Senator MOORE—Could you confirm that, in case it is different. But to the best of your knowledge you are providing that data separately to Tax. You know what it is going to be but you do not do it yourself; you pass it over to Tax in that format.

Mr Dunn—Yes. It is up to the tax office to calculate the rebate itself.

Senator MOORE—Because it is their payment, isn't it?

Mr Dunn—Yes.

Senator MOORE—If I have any more questions on that I will come back to you. My understanding is that this has not started yet. When does this start?

Mr Dunn—The child-care rebate first comes into effect from 1 July this year. So people can claim from their child-care costs out-of-pocket expenses in the past, this time around.

Senator MOORE—When is this exchange of information going to start? Can people feed this information electronically to you now? Is that operating now?

Mr Dunn—Yes, they can send it in now. We will start to exchange data—this is what part of this new system is—with the tax office from March onwards. If people have already had their tax done for this year and they get it in early for next year the tax office will already have the data they need from the child-care component to work out the out-of-pocket expenses.

Senator MOORE—How do people know about this?

Mr Dunn—The tax pack is picking this up. Quite a significant portion of that will cover this for people for this year. We also have it advertised quite extensively on our website.

Senator MOORE—I have seen the website ads. Is it anywhere else? Is it in newspapers?

Mr Dunn—Not at this stage.

Senator MOORE—Your website has the information about how you can do it?

Mr Dunn—Yes. I am not sure what else the tax office might be doing in this regard.

Senator MOORE—We will be asking the same questions of Tax so we can see it from their side. This option will be available in this year's tax return?

Mr Dunn—Yes.

Senator CAROL BROWN—I have a few questions about the compliance regime, particularly the eight-week non-payment period and case management. Have any discussions been held regarding the tendering out of this service?

Mr Whalan—We have been holding discussions with some non-government organisations about the possible tendering out of parts of the service.

Senator CAROL BROWN—Which parts?

Mr Whalan—When an individual finds that they are in a situation where, because of three participation failures, they are going to be out of payment for eight weeks, Centrelink is going to make a judgment about which people require financial case management. We have been talking to non-government organisations about how they could help us make a judgment, in respect of individuals who we believe need financial case management, about what if any financial support those people need.

Senator CAROL BROWN—Can you tell me who you have been speaking to?

Mr Whalan—I do not think we have an exhaustive list but I know we have spoken to a number of organisations. The Smith Family would have been one, but I do not have a list with me.

Senator MOORE—Are these specific discussions on this issue or part of the general consultation process? Are these specific consultations about the possibility of outsourcing this task?

Mr Whalan—We had lots and lots of discussions in general with many organisations but we have had some specific discussions in this area with a number of organisations. We have basically said: 'We are going to be doing work in this area. Have you got advice for us, given

the work that you do, about how this could sensibly be done and how you could help us do it?’

Senator CAROL BROWN—Whereabouts are you in terms of these discussions? Is it going to be tendered out?

Mr Whalan—We have not got to that point as yet. We have been looking at a number of different ways of doing this. We have basically got to the position that we will now move to formally engage with non-government organisations about how they can assist us.

Senator CAROL BROWN—When will that be happening?

Mr Whalan—That will happen over the next two months.

Senator CAROL BROWN—There has been a decision by the minister to tender it out?

Mr Whalan—Yes.

Senator CAROL BROWN—Why did you come to that decision?

Mr Whalan—We certainly had the view, having had discussions with a number of those organisations, that they would be able to provide us with assistance—given that they are out there now providing emergency relief type services, which are related, not the same but related, services across Australia at the moment—and that local organisations and communities would be able to provide good assistance and advice.

Senator CAROL BROWN—Which minister is responsible?

Mr Whalan—Effectively, Minister Hockey, in terms of the service delivery element of it, but he is working closely with the Minister for Employment and Workplace Relations.

Senator CAROL BROWN—You say that in a couple of weeks you will start the tender process. What will the process be, and what is the time line?

Mr Divall—We are still working through the detail of the process, but over the next couple of months we will be going out for a procurement process where we will identify non-government organisations to provide the financial case management aspects. At the moment we are in development of that time line.

Senator CAROL BROWN—Is this service currently undertaken by Centrelink?

Mr Whalan—No. This is new business.

Senator CAROL BROWN—Have you looked at whether there is a capacity within Centrelink to offer this service as opposed to tendering it out?

Mr Whalan—That is an option, but we believe we will get a better result by working closely with local community organisations which are already doing this type of work.

Senator CAROL BROWN—Have you spoken to communities and welfare agencies?

Mr Whalan—We have spoken to a number.

Senator CAROL BROWN—Did you undertake to give me a list of those you have held discussions with?

Mr Whalan—I can take that on notice.

Senator CAROL BROWN—Has Centrelink estimated how many people may face an immediate, eight-week, no-payment period under the new rules? Have you done any work in that area, based on your previous breach data?

Mr Whalan—We have some estimates. Our current estimates are that some 4,000 customers will be offered financial case management in 2006-07. These are estimates that have come from the Department of Employment and Workplace Relations and have been given to us.

Senator CAROL BROWN—So that is your estimate on an eight-week, no-payment period for people who may be breached under the new rules. Is that right?

Mr Whalan—That is the estimate of the number of people who we believe will require financial case management.

Senator MOORE—But financial case management will only be available under the third-time breaching process?

Mr Whalan—That is correct.

Senator CAROL BROWN—I am not sure, but it looks like Centrelink failed to table an annual report into compliance in 2004-05. Is that right?

Mr Whalan—Can you say that again, please, Senator.

Senator CAROL BROWN—Did Centrelink table an annual report into compliance in 2004-05? Centrelink normally tables a compliance report in parliament. Is that right?

Mr Whalan—Yes. Each year, we table a data-matching report. My understanding is that we have tabled a data-matching report. I will just check the date on which we tabled it.

Ms Scott—Everyone is looking genuinely mystified, so if you could assist us a little more about which document you are referring to that would be good.

Senator MOORE—We will take that one on notice and get back to you.

Ms Scott—That would assist us, thank you.

Senator MOORE—We have information about something called a compliance report.

Ms Scott—Okay. Everyone is running to try and work out what that is.

Senator MOORE—We have seen the data-matching one so we thought it must have been something different.

Mr Whalan—We assume you are asking about a document called the data-matching report. Our advice is that it was tabled on 23 December.

Senator MOORE—We will check that and see if it is the same one.

Senator CAROL BROWN—Can you give us an update on Centrelink's progress in responding to the five audit reports on Centrelink's customer feedback systems that were released in 2005?

Mr Whalan—Yes. In those five reports the ANAO made 44 recommendations. Twenty-seven of those recommendations have already been implemented and 15 of the remaining 17

are well advanced and are due for implementation in the first half of this year. There are two that involve significant systems development and will take longer to implement.

Senator MOORE—Which are those two? We have talked about the audit elsewhere but, just for the purposes of this particular report, which are the two that will take the big systems work?

Mr Whalan—The two that would require the introduction of a customer relationship management system. Often you hear about banks et cetera introducing these CRM systems. They are a very large investment, and a lot of them do not work, so we are cautious about this.

Senator MOORE—In terms of the way the audit cycle operates, do you just report back to the Audit Office?

Mr Whalan—The JCPAA has already done a follow-up on this report.

Senator MOORE—We have had the first one. It would just be if there is anything outstanding—you would just feed back that you are going through the systems development issues?

Mr Whalan—That is right. I have no doubt that, given their interest, they will follow how well we do at implementing. They have had a first look already.

Senator MOORE—Do you have any time frame worked out for this systems implementation? Is it over a 12-month or a two-year period?

Mr Whalan—To be honest, we have not made a commitment. Of those 44, we will implement 42. We would have to have a strong business case because it will cost—and I am going to make a guess here—many tens of millions to implement a CRM system.

Senator MOORE—There is a particular question here about Centrelink appeals. Data on Centrelink appeals by Indigenous clients does not include the promised data on appeals and outcomes by the ARO.

Ms Scott—This relates to a question that we have provided a written answer to.

Senator MOORE—Yes. Is that HS45?

Ms Scott—Yes, HS45.

Senator MOORE—It seems kind of appropriate to go back to a question on notice to end with, don't you think?

Ms Scott—Senator, do you recall which subpart of the answer it is? This answer is quite extensive; I think it goes to about 10 or 12 pages.

Senator MOORE—Basically, I think it was reviews, by state and territory, by the original decision maker. It was a whole series of questions about the way the appeals system works.

Ms Scott—I think the answer goes on to explain that we have provided all the information we could, but there was one question that we simply did not have the answer to.

Senator MOORE—Obviously the person who is particularly keen on this issue has got this one and pored over the data you have given and now has a supplementary question about data on appeals and outcomes by the authorised review officer. There were particular questions here on Indigenous issues, so if we could find out whether there is the possibility of

looking at how AROs were involved with Indigenous clients and whether in fact they did access that service well—

Mr Whalan—We have got information about appeals and outcomes generally for AROs, but pull it down to appeals and outcomes for AROs in respect of Indigenous customers and we are—

Senator MOORE—Basically, I think the thrust of the question is to work out the availability of the appeal system to Indigenous clients and their knowledge of it, based on the premise that perhaps they were not using it as much as other clients. Could you have a look to see whether any of the AROs at the area level have that knowledge, and if we can get it? We will report back to Senator Evans about the problems involved in that answer.

Ms Scott—If a quantitative answer is difficult to obtain, would a qualitative answer be sufficient?

Senator MOORE—I think, to address the issue, yes. The outcome is to try to get people to use the system.

Ms Scott—Yes, that is right.

Mr Whalan—Even if we picked it up in one or two areas.

Ms Scott—Yes, even if we do a spot sample.

CHAIR—There being no further questions, that completes the committee's examination of the additional estimates for the 2005-06 financial year. I remind everyone that the committee has set 30 March as the date for submission of written answers to questions that were taken on notice. I thank Senator Colbeck, Ms Scott, Mr Whalan and other officers for their attendance and assistance this evening. Also I thank the committee secretariat, the attendants and officers of DPS, Hansard and Broadcasting services.

Committee adjourned at 10.58 pm