



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION
COMMITTEE

Consideration of Additional Estimates

MONDAY, 19 FEBRUARY 2001

CANBERRA

BY AUTHORITY OF THE SENATE

SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE

Monday, 19 February 2001

Members: Senator Mason (*Chair*), Senator Murray (*Deputy Chair*), Senators Brandis, Conroy, Lightfoot and Ray

Substitute members: Senator Lundy to substitute for Senator Ray for the committee's hearing on the 2000-01 additional estimates on Friday, 23 February 2001

Senators in attendance: Senators Bolkus, Brandis, Conroy, Crowley, Evans, Faulkner, Lightfoot, Mason, Ray and Tchen

Committee met at 9.03 a.m.

PARLIAMENT

In Attendance

Senator the Hon. Margaret Reid, President of the Senate

Department of the Senate

Mr Harry Evans, Clerk of the Senate
Ms Anne Lynch, Deputy Clerk of the Senate
Mr Cleaver Elliott, Clerk Assistant (Committees)
Dr Rosemary Laing, Clerk Assistant (Procedure)
Mr Peter O'Keeffe, Clerk Assistant (Corporate Management)
Mr John Vander Wyk, Clerk Assistant (Table)
Mr Robert Alison, Usher of the Black Rod
Mr Graeme Nankervis, Director, Financial Management
Ms Gabrielle Avery, Director, Human Resource Management

Department of the Parliamentary Library

General

Mr John W. Templeton, Secretary
Mr Rob McL. Johnston, Assistant Secretary, Corporate Services
Dr June R. Verrier, Head, Information and Research Services
Ms Nola A. Adcock, Deputy Head, Information and Research Services
Mr Alan Wilson, Director, Library Databases

Department of the Parliamentary Reporting Staff

Mr John Templeton, Secretary
Ms Val Barrett, Group Manager, Client Services Group
Mr Peter Ward, Group Manager, Technical Services Group
Mr John Walsh, Group Manager, Strategic Development
Mr Chris Duffy, Acting Group Manager, Corporate Support Group
Ms Judy Konig, Chief Finance Officer
Mr Bernie Harris, Executive Coordinator, Centenary of Federation

Joint House Department

Mr Michael Bolton, Secretary

Mr Bob Wedgwood, Executive Leader (Support)

Mr Adrian Guilfoyle, Executive Leader (Technical)

Mr Andrew Smith, Executive Leader (Operations)

Mr David Thomas, Chief Architect, Architectural Services

CHAIR—I declare open this public hearing of the Finance and Public Administration Legislation Committee. On 30 November 2000, the Senate referred to the committee for examination the following documents: particulars of proposed additional expenditure for the service of the year ending on 30 June 2001, [Appropriation Bill \(No. 3\) 2000-2001](#); secondly, particulars of certain proposed additional expenditure in respect of the year ending on 30 June 2001, [Appropriation Bill \(No. 4\) 2000-2001](#); thirdly, particulars of certain proposed additional expenditure in relation to the parliamentary departments in respect of the year ending 30 June 2001, [Appropriation \(Parliamentary Departments\) Bill \(No. 2\) 2000-2001](#); fourthly, the statement of savings expected in annual appropriations made by act No. 81 of 2000, Appropriation Act No. 1 2000-2001, act No. 82 of 2000, Appropriation Act No. 2 2000 2001, and Act No. 83 of 2000, Appropriation (Parliamentary Departments) Act No. 1 2000-2001; and, finally, the final budget outcome 1999-2000.

The committee is required to consider these documents insofar as they refer to the portfolios allocated to the committee by the Senate on 11 November 1998 and amended on 8 February 2001 and to report to the Senate on or before 27 March 2001. The committee may also examine the annual reports of departments and agencies at this time, even if no additional appropriations have been sought. Agencies which are not listed on the program may have written questions on notice directed to them. I remind you that the committee has set 23 March 2001 as the date for the submission of written answers to questions taken on notice. I note for the record that on 6 February 2001 the Senate adopted changes to arrangements for estimates hearings recommended by the Procedure Committee which included the abolition of supplementary hearings on additional estimates with effect from the beginning of 2001.

The hearing today will commence with the parliamentary departments, followed by the Prime Minister and Cabinet portfolio and the new Reconciliation and Aboriginal and Torres Strait Islander Affairs portfolio. We will conclude this evening with the Australian Electoral Commission, which is in the Finance and Administration portfolio. Examination of the Finance and Administration portfolio will continue tomorrow and Friday, 23 February. I propose to proceed by opening with general questions and then calling on the outcomes and outputs in the order listed on today's agenda.

Department of the Senate

CHAIR—Senator Reid, do you wish to make an opening statement?

Senator Reid—No, thank you.

CHAIR—Are there any general questions?

Senator ROBERT RAY—All questions on the Senate will be general. I do not think we need to go through the programs.

Senator FAULKNER—Madam President, can I ask you or the Clerk about any unused select committee budget that might exist with our resource agreement with the Department of Finance and Administration. How are we going in that regard?

Mr Evans—I would not like to designate it as unused.

Senator FAULKNER—I know you would not, so you will have to blame me for that terminology.

Mr Evans—As you know, there is included in the Senate department's budget allowance for a certain number of select committees. That number of select committees has not, generally speaking, been reached in this parliament, but the basis of the agreement for the inclusion of it was that it would be included in the budget as funding for select committees in case the Senate should appoint select committees. It is available for other committee expenditure, and there has been other significant committee expenditure. As you probably know, the various committee inquiries into the GST proved somewhat more expensive than committee inquiries normally are. The money is there in the budget but I would not like to call it 'unused'.

Senator FAULKNER—It has been gobbled up elsewhere, has it?

Mr Evans—I would not like to say 'gobbled up', either. The Senate department does not have too much money to spare.

Senator ROBERT RAY—I would say, 'Senate, one—Department of Finance and Administration, nil', on this issue. I think you have had a little victory here.

Mr Evans—The inclusion of those funds was a very good arrangement because it enabled the Senate to have the flexibility in the appointment of additional committee inquiries.

Senator FAULKNER—Senator Ray gives the score. I think the Department of Finance and Administration are wooden spooners on the table generally.

Senator ROBERT RAY—So you are taking away his victory?

Senator FAULKNER—Yes. Even the Department of the Senate has managed to get on top of the Department of Finance and Administration.

Mr Evans—I would not like to say that. I would not like to invite any retaliation.

Senator FAULKNER—We have the Lucas Heights select committee and the Superannuation and Financial Services select committee currently operating. As I understood it, basically the resource agreement did acknowledge the likelihood of around two ongoing select committees.

Mr Evans—Four was the amount calculated in the funding.

Senator ROBERT RAY—But I think we should acknowledge we had up to seven in 1995.

Mr Evans—Mr Elliott might correct me, but I think we did have that many at one stage.

Senator ROBERT RAY—It is a more responsible opposition these days.

Senator FAULKNER—When the need arises, I am sure we will jump in. I will not press that any further.

Senator ROBERT RAY—Madam President, we have been given missives about the gigantic celebrations in Melbourne on 9 and 10 May. I notice that the Senate is sitting on 10 May in the Victorian Parliament House, but I have not really heard what the nature of that sitting is. Could you or one of your officers expand on what is intended?

The PRESIDENT—At the moment, it is a matter that is being discussed between the leaders in the Senate and me, with a resolution being put together as to what is envisaged. My view is that it should be a formal sitting of the Senate in the Legislative Council chamber. There will be some short opening remarks by the President and then a contribution from the

Leader of the Government, the Leader of the Opposition and the Leader of the Democrats, and that is virtually all that will happen. It will be adjourned, and I think there is to be a reception in the hall of the Victorian parliament.

Senator ROBERT RAY—I can hardly wait for that one! How many officers from the Department of the Senate will have to decamp to Melbourne to assist in the running of these proceedings?

Mr Evans—The minimum number. For the actual sitting of the Senate on the 10th, I do not envisage there would be any people other than myself, the Deputy Clerk and the Usher of the Black Rod in relation to the chamber. I am not sure about security attendants.

The PRESIDENT—The Victorian parliament is really enabling this to happen. We are not taking all of our own attendants and security.

Mr Evans—Mr Alison says a few security attendants will go as well.

Senator ROBERT RAY—I am just asking for a total figure that will have to move from Canberra to Melbourne for these three inspiring speeches and the inspirational remarks from the President.

Mr Evans—That is all we envisage: three chamber staff and a number of security attendants. A small number, I think we could say.

The PRESIDENT—The Black Rod says he thinks about four.

Senator ROBERT RAY—And I assume Victoria will provide the Hansard services.

Mr Evans—I think that will be done by Hansard.

Senator ROBERT RAY—It will be no big task, will it?

Mr Evans—No.

The PRESIDENT—It is being done here, remotely.

Senator ROBERT RAY—I think that is sensible.

Senator FAULKNER—I am surprised it has not been outsourced.

Senator ROBERT RAY—Where is the reception?

The PRESIDENT—In the hall at the Victorian parliament. Sorry, I was just told that it may be in the garden.

Senator FAULKNER—When are we likely to make the decision in relation to the proposed order of proceedings? As I understand it, the situation at the moment is that the Senate's consideration of this has been delayed because the Prime Minister is wanting to express a view about it.

The PRESIDENT—As I understand it, the Senate is ready. I would have liked it to have been done before Christmas.

Senator FAULKNER—I appreciate that.

The PRESIDENT—We are still waiting for the House of Representatives, and they probably should be both done on the same day, I would hope. It will be done as soon as possible, because it is a long time since the invitation came from Victoria.

Senator FAULKNER—As you know, I have stressed with you, Madam President, that we ought to try to sort this out as quickly as possible.

The PRESIDENT—Yes, I agree.

Senator FAULKNER—So you have at least one vote for sorting it out soon.

The PRESIDENT—Thank you, Senator.

Senator ROBERT RAY—The Senate resolved last year to refer the question of privilege of documents in *Crane v. Gething* to Mr Skehill. I do not know that there has been a result on that reference.

The PRESIDENT—There has not been. It is a matter I have reported on recently to the leaders as to the state of the investigation. There are considerably more documents involved in the disks and in getting access to them than was envisaged.

Senator ROBERT RAY—Have you got any date in mind?

The PRESIDENT—No, I have no idea.

Senator ROBERT RAY—I know it is not in your hands directly.

The PRESIDENT—I have no idea when it will be completed at this stage. We have had a report from Mr Skehill, which, as I said, I have reported to the leaders.

Senator ROBERT RAY—Do you have an estimate of Mr Skehill's expenses at this stage or in future?

The PRESIDENT—The expenses, as at about three weeks ago when I heard from him, were at about \$25,000. A considerably larger amount is still likely to be incurred with the volume of work that is involved and the material that has been given to him by the Senate.

Senator ROBERT RAY—I think it was anticipated that this might be met out of the contingency fund, but I do not know if you have other plans, have you?

Mr Evans—I am not sure what Senator Ray means by 'the contingency fund'. It will have to be met out of the budget.

The PRESIDENT—Yes, the budget of the Department of the Senate.

Senator ROBERT RAY—I just remember there was evidence that we had a contingency fund of about \$60,000 to cover such matters, and it has not been dipped into over the last few years.

Mr Evans—Is Senator Ray referring to the Advance to the President?

Senator ROBERT RAY—Yes.

Mr Evans—That is for urgent and unforeseen expenditure. I am not sure whether we could categorise this as falling into that category.

Senator ROBERT RAY—I would. The unforeseen and urgent aspect was that it was not anticipated in the budget process, so I would have thought it was.

Mr Evans—Yes, we could categorise it as unforeseen, but of course we will have to go to our own budget first before looking to the Advance to the President, and probably we will be able to cover it.

Senator ROBERT RAY—The last matter I wanted to raise was to get the President's views in relation to a matter of privilege. I do not want you to comment on the first aspect of

what I am raising, but you would realise that a matter in the other chamber was referred as a matter of privilege to the Speaker—Pyne, Emerson and Swan and co. Have we ever had any instance where events outside the parliament between parliamentarians have been referred to you for adjudication as to matters of privilege?

The PRESIDENT—I do not believe so; certainly nothing like that. I cannot think of anything.

Senator ROBERT RAY—Have you ever had a case of a ministerial staffer trying to stand over an opposition senator and had that referred to you?

The PRESIDENT—I have not.

Senator ROBERT RAY—No, because these things are usually dealt with offshore, aren't they? Nobody comes and pimps to you on it.

The PRESIDENT—I would not expect such things to happen in the Senate.

Senator ROBERT RAY—I do not want to really enlighten you other than to say they have, and they have been dealt with offshore—properly and correctly and to everyone's satisfaction.

CHAIR—Thank you. If there are no further questions for the Department of the Senate, we call the Department of the Parliamentary Library.

[9.19 a.m.]

Department of the Parliamentary Library

Senator FAULKNER—I have a question or two in relation to what I believe is now called the work recording and reporting system. These are matters that I have raised previously here and in the Library Committee. I note from recent minutes of the Library Committee on 9 November 2000 the assurance on page 4 that 'greens were locked up every night and Client Services staff were very aware of the department's rules regarding confidentiality of requests'. I want to be assured, Mr Templeton, that the first part of that statement—'greens were locked up every night'—is correct and that you can satisfy the committee about that process.

Mr Templeton—Yes, Senator: the security that is maintained by staff in program 1 is consistent with that. People do lock them up, and people are very aware of the sensitivity of those documents.

Senator FAULKNER—I appreciate the point that is made about the Client Services staff, and I think that is absolutely correct. I suppose the other question goes to the possibility of even casual staff and others around the Library. As you know, that has been a concern of mine for some time. But I suppose that, as you have given such a categorical assurance about the departmental greens, I do not need to worry.

Mr Templeton—Thank you.

Senator FAULKNER—Has any further consideration been given to the request made some time ago to have members' or senators' names removed from the greens? Has that proceeded anywhere at all?

Mr Templeton—I have discussed that with Dr Verrier. At the moment, Dr Verrier still believes it is important that she be able to see those names so that she knows the nature of the work that is being done by staff. Given that they are on very limited circulation, it is of

assistance to the directors also—and the directors of the subject groups are people we trust implicitly with a range of information.

Senator FAULKNER—In relation to the indexing backlog—if there is indeed a backlog—what are the backlog figures in general at the moment?

Mr Templeton—The backlog that Senator Faulkner is referring to are two electronic databases that the Library maintains. One is the newspaper clippings database, which was created from the beginning of the year 2000, and also the journal articles database. At the moment, for the newspaper clippings database, as at 12 February, there are 97,000 clippings in the system and there are about 1,000 items from priority 1 newspapers and about 9,500 priority 2 clippings still to be indexed. Priority 1 papers are the *Age*, the *Australian*, the *Australian Financial Review*, the *Canberra Times* and the *Sydney Morning Herald*. The priority 2 papers are the dailies, generally from the other capital cities: Adelaide, Brisbane, Hobart, Darwin and Perth. We have been looking again at ways of getting additional resources into overcoming those backlogs, and that is something that is a continuing matter of priority for us.

Senator FAULKNER—What about journal articles: how are we going there?

Mr Templeton—The journal articles database—and Mr Wilson, who is with me, can correct me if I am wrong on this—as at 12 February contains 54,588 articles and, at the moment, the backlog consists of 805 journal articles as at 12 February 2001.

Senator FAULKNER—So would you say overall there has been a reduction in the backlog?

Mr Templeton—We had a reduction for a while, but it seems to be incrementally creeping up again, and that is why we are looking at it again now to see if we can start pushing resources in to get the backlog down again.

Senator FAULKNER—That would be my interpretation from the figures you have given and the figures we have heard before. Basically there was a reduction of the backlog up until, say, June 2000 and that it appears to have increased—to some extent a blow-out since then: would that be right?

Mr Templeton—Probably later in this financial year rather than the first quarter. It will probably start to blow out about the second quarter.

Senator FAULKNER—The crux of this goes to whether there is a need, as a result of this, for some sort of permanent resourcing for newspapers and journals in the indexing area of the Library. I know this is something you are giving some thought to, but maybe you could indicate to us what the latest considerations are in that regard, because of course there had been some temporary staff employed to assist with this problem.

Mr Templeton—There is obviously a significant amount of resources put into indexing the newspaper clippings database and the journals database. We thought that the resources that were put in around the middle of last year were going to be sufficient to overcome it. It is a complex task. There is a fair amount of work required in each indexing task, and we are obviously going to need to find some more resources to put into it on a permanent basis, but it seems to fluctuate a little bit. Mr Wilson might want to add some more to that. We have been, as I said, successful for a while, but we seem to have slipped again.

Senator FAULKNER—So you are looking at the options for some sort of more permanent resourcing?

Mr Templeton—Yes. We are looking at the way we can resource it more effectively to get those backlogs down on a permanent basis so that we are not in the cycle of getting some of the backlog down and then picking it back up again.

CHAIR—Are there any further questions relating to any other outputs, Senator Faulkner?

Senator FAULKNER—Not for the Parliamentary Library.

[9.27 a.m.]

Department of the Parliamentary Reporting Staff

Senator FAULKNER—I have asked previously about the outsourcing of Hansard services on Wednesday and Thursday lunchtimes, and I think it has been indicated that that occurs from time to time. Now with the statistics that have been made available, I think I have established, Mr Templeton, that throughout last year's sitting program there was only one sitting day—Thursday, 31 August—when external contractors were not used in either the Senate or House of Representatives lunchtime period. I wonder if you would still stand by this comment that outsourcing occurs from time to time when it seems to be almost entirely the case that, during these periods, the services are outsourced.

Mr Templeton—Could I make a comment about the use of the external contractors. The problem that Hansard and our broadcasting area face is essentially the very great divergence of workload from one week to another. It is not just the hours that we transcribe or broadcast; it is the number of things that occur simultaneously. If you look at the 18 months from the end of December to July 1999, the number of hours transcribed or broadcast varied from 2½ hours in one week to 217 at the other end of the extreme. So it is a huge variation.

The other complication is, as I said, when you get a number of events occurring at the one time. With the Wednesday and Thursday lunchtimes, which have been a problem since 1983—if you go back to the 1983-84 annual reports of the department you will see there is reference to the difficulties of covering lunchtimes—the problem has been compounded in the last 12 to 18 months or so by the increasing number of Senate and House of Representatives committees meeting while the chambers are also sitting. This creates an additional number of events that we have to cover, which drags resources away from doing any other work.

We have to provide staff with a meal break; we have an occupational health and safety responsibility. If you have a look at the totality of the chamber work for the last 18 months you will see that only around three per cent of it was done by external contractors, and that is obviously the Wednesday and Thursday lunchtimes. But the nature of the workload that we have, the fluctuations that we have to deal with in the number of events and the number of committee hearings that are simultaneous with the chambers sitting, means that realistically, for most times, that is now going to be the only way we can do it. We cannot staff up to our peaks because our peaks are so huge. Even with 217 hours as a peak, for 85 per cent of our weeks we are in fact dealing with 120 hours or fewer. So we have this huge discrepancy in the hours that we have to cover.

Senator FAULKNER—Understanding all that—or hearing all that—I am still doubtful about the evidence that was given before this committee about the outsourcing occurring 'from time to time'. It is just a consistent pattern, isn't it? Isn't that a more honest and frank answer?

Mr Templeton—Increasingly, yes, it will be, and has been.

Senator FAULKNER—So it does not happen from time to time as I was told last year; it happens on almost every occasion?

Mr Templeton—Over the last six to 12 months, yes, because we have had increasing numbers of other committee hearings and a lot of these things are put in at short notice.

Senator FAULKNER—So why was I told that it occurred ‘from time to time’?

Mr Templeton—If I was wrong when I said that, I apologise.

Senator FAULKNER—As you know, Mr Templeton, I have pointed out that this occurs in the Senate, particularly, during the Wednesday lunchtime matters of public interest speeches, which I think for senators who make them is an important opportunity to make a 15-minute speech on a high priority issue. Often there is a requirement to get the pinks of those speeches as quickly as possible. We have established a flagging system with you, which I think I have used already once on only one contribution I have made in the chamber this year. It seems to me that, for two reasons, we were able to get earlier pinks than otherwise would have been the case: firstly, because of the cooperation of the Hansard staff here in your own department and, secondly, because of the provision of any electronic copy or material to Hansard. Would that be right?

Mr Templeton—Yes.

Senator FAULKNER—I see.

Mr Templeton—But can I make the point that, were we not using external suppliers and were attempting to provide that with only our in-house staff, the delays in getting those pinks and greens back from lunchtimes would be substantially greater.

Senator FAULKNER—The reason I was originally able to establish that there was a problem is that I wondered why, on certain occasions, there was such a significant increase in the time between when a speech was delivered and when the pinks came through. It took a while—only a while—to work out that that was when the service had been outsourced to other providers. There is a very significant difference, I can assure you, otherwise I would never have been able to establish the pattern that I have been concerned about for some time.

Mr Templeton—With respect, Senator, the example you gave at the May hearings last year of a speech that you gave, I think it was on ministerial code of conduct, was not outsourced; that was done by our own staff.

Senator FAULKNER—I know that.

Mr Templeton—That was the example you gave of something that had been outsourced.

Senator FAULKNER—We will get to the issue of your own IT in a while, but there is also that problem, which, as you are aware, that has been a significant issue in this regard. The staffing plans have been provided to members of the committee. As I read them—but you can correct me if I am wrong—a full complement of Hansard editors is 64, plus eight senior editors. Is that right? Is that as the staffing plan indicates: 64 Hansard editors, plus eight senior editors?

Mr Templeton—It talks about four teams. The figures that are in the staffing plan are the figures that we are aiming for when the staffing plans are fully implemented.

Senator FAULKNER—But what are the figures in the staffing plan?

Ms Barrett—That is correct: there are four teams envisaged, comprising 64 editors and eight senior editors.

Senator FAULKNER—So that is the staffing plan: 64 plus eight. What is the current situation?

Ms Barrett—We do not have as many staff as that now, and we have not in the past. We have generally had three teams. We try to run 12 editors on each of the chamber teams and there have been about nine, I think, on the third team. So we are looking to increase the numbers of staff.

Senator FAULKNER—I worked it out, but tell me if I am wrong: 35 editors plus eight senior editors, including two acting. Would that be right?

Ms Barrett—As well as editors, there are a number of junior editors. We envisage that the new plan will move to all editing staff with a number of skills, including the entry skills and the editing skills. So the mix of skills in the staff we hope to recruit is slightly different from the skills we have now. As well as the editors and the senior editors, we have a number of junior editors, a number of whom perform text entry but then the work has to be edited.

Senator FAULKNER—In terms of the staffing plan, how many positions are unfilled?

Ms Barrett—We estimate that we are about 12 full-time equivalents short. To have those numbers—64 and eight—we will need to recruit another 12 people. However, we will not necessarily then have the skill mix that the new plan envisages, whereby everybody is trained to have the full complement of editing skills and the text entry skills as well.

Senator FAULKNER—I do not understand the mathematics of how you are 12 short. Could you explain that to me?

Ms Barrett—You have given me the number of editors and senior editors. We also have a number of junior editors, who traditionally perform a keying role.

Senator FAULKNER—How many junior editors are there?

Ms Barrett—I am sorry, I would have to get you that figure. I do not have the exact figure with me.

Senator FAULKNER—Am I right that there are 35 editors and eight seniors?

Ms Barrett—I think those figures are right, but I would have to check them. There are also a number of junior editors.

Senator FAULKNER—It seems to me that, if the total is 64 plus eight, which is 72, and we currently have 43, that is a shortfall of 29. That means that there would be 17 junior editors, wouldn't it? Or is my maths wrong?

Ms Barrett—I am not certain of the number of junior editors, but there are a number and there are some casual people we bring in. We are looking to change the complete mix of skills that we have. We are currently undertaking a recruitment round. We had 100 applications. We intend to recruit again probably in July this year and, if necessary, later in the year. So we are making a huge effort to bring on the extra staff that we need. A number of the editors we currently have work part-time hours. We have to bear in mind that, from time to time, they seek to revert to full-time arrangements. We are looking at the full-time equivalents that we need to bring those numbers up to 64.

Senator FAULKNER—What sorts of results were produced from the last two rounds of advertisements since November last year?

Ms Barrett—Since November last year?

Senator FAULKNER—Haven't there been two advertising rounds since November last year?

Mr Templeton—November 1999, I think.

Ms Barrett—In November last year we completed a round.

Senator FAULKNER—Was it 1999? I thought it was November 2000. I might be wrong.

Ms Barrett—There was a recruitment round in November 2000 for editors at a higher level; traditionally, we expect a lower response than when we advertise at the lower levels and train in-house.

Senator FAULKNER—What sort of response did you get from that?

Ms Barrett—I cannot remember the exact numbers, but we got quite a large response. We will be recruiting two people as a result of that round. Another two people have expressed interest in undertaking a contract, and I expect them to start this year. The current round, which was for lower level editors whom we would expect to train in-house, produced about 100 applicants, and I believe that the short list is about 40. We hope that, after this week of estimates and the next two weeks of sitting, to test and interview those people.

Senator FAULKNER—If recruiting continues to be such a problem, as only two were picked up or in training with that November 2000 round, aren't we going to face a situation where outsourcing will be used more frequently in the future, contrary to what I think have been the indications given previously?

Ms Barrett—That is not the intention. I remain reasonably confident that over time we will be able to get the number of people with the sorts of skills that we need. Earlier last year—I believe it was in about July last year—we recruited four people at the junior editor 1, the lower level, and have trained them and they are making very good progress. Over the last two or three years, since we widened the recruitment pool by removing the mandatory requirement for shorthand, we have had some exceptional applicants. Some of our latest recruits have proved to be very, very good indeed. So we do recognise that we have to make a big effort to get people on board with the new mix of skills that we require, and I am fairly confident that we will do that. When we have staff to the numbers in the staffing plan with the new mix of skills, it is my estimation that the need to use external providers is likely to decrease. But that will depend on the variation in workload levels and the timing of requests for services.

Senator FAULKNER—I hope that is right. But that seems unlikely to me, given the lack of success of the recruiting that you have outlined to us. My argument, Mr Templeton, would be that filling these positions—whether they be some number between 12 and 29—would be a much better way of ensuring a less stressed workplace with lower need for overtime and less need to work through the lunch hours and so forth than what is currently occurring with outsourcing. Wouldn't that be right?

Mr Templeton—Exactly right. The whole objective of the staffing plan is to get staff numbers up, to have four teams and to reduce the excessive amount of overtime which we ask people to work. It is part of the overall intention and the general principle is that you work a standard day. Yes, there will be some times during the year where overtime will be needed—and probably estimates is a good example of that—but the need to regularly ask people to work excessive overtime will be reduced and, as an organisation, we will not be relying on excessive overtime.

I would also make a point about the recruiting rounds. We have run three in the last eight months or so, and we have brought on a number of staff. We cannot bring on large numbers of staff in one hit because of the time it takes to get people trained, to get them familiar with the environment and to get them up to speed. Certainly the quality of the applicants we are getting and the quality of the staff we are employing is very, very good, and we are progressively working to get up to that 64 mark. That is the objective that we hope to be at towards the end of this year or early next year.

Senator FAULKNER—Look, you do not have to defend the quality of the Hansard staff to me. It is because of their high quality and the low quality of the performance when the services are outsourced that I am expressing these concerns. So you do not need to defend that to me.

Mr Templeton—What I am saying is that the objective that you have outlined of more staff and less reliance on overtime is exactly what the staffing plan is intending to achieve.

Senator FAULKNER—But is chamber business still core business of Hansard?

Mr Templeton—In the case of Hansard, everything it does is core business. I do not think Hansard does any non-core business.

Senator FAULKNER—What is the main business of Hansard then?

Mr Templeton—It is all its chamber and committee work; that is its core business.

Senator FAULKNER—You have told me that before. But I looked at the staffing plan—this is on page 15—and it states:

The use of external transcript providers to transcribe committee and chamber proceedings will continue to be a major plank in Hansard's workload management and cost effectiveness strategies.

How does that fit with core business?

Mr Templeton—It fits with the points that I was making earlier about the very large variation in the number of hours that we have to process each week, combined with the expectation of committees of a very fast turnaround.

Senator FAULKNER—That is not committees. It says 'transcribe committee and chamber proceedings'.

Mr Templeton—Yes, but the majority of the work which is done by Hansard now is committee work; 60 per cent of the overall workload is committee work. So the complexity of the number of events, if you like, that Hansard is dealing with is influenced directly by the increasing number of committee hearings, and committee and chamber work are part of Hansard's core business. When you have such huge variations in workload, we could not staff, for example, up to our peaks. We estimate that to go up to 204 hours, for example, would require another 70 editing staff and about another \$5 million in salaries. The problem is that 85 per cent of our weeks have 120 hours or less; the remaining 15 per cent of weeks are in that range of 120 to 217. It is a huge variation.

Senator FAULKNER—I understand that. But I also understand that the plan that has been provided says:

The use of external transcript providers to transcribe committee and chamber proceedings will continue to be a major plank in Hansard's workload management and cost effectiveness strategies.

That does not seem to me to fit with what I have been consistently told about the chamber business being the core business of Hansard.

Mr Templeton—I would argue that it is entirely consistent.

Senator FAULKNER—I know you always agree, but I find it extraordinary that these statements appear. The sentiments that are expressed are not reflected in your own document; it is contradictory.

Mr Templeton—No, it is not contradictory, I would suggest. What the document is saying is that, in order to satisfy a range of competing pressures on us—timeliness, accuracy, quality of transcript—we have to look at workload management. In terms of the amount of chamber work that is done by external providers, that is around three per cent of total chamber hours, and it is overwhelmingly those two lunchtimes. The problem, if you have large volumes of work that are required to be done within very short time frames and you do not have much control over when those peaks are going to occur, is that you can either staff up to your peaks—as I said, we estimate that to go to 204 hours would be about another 70 editing staff with about an additional \$5 million a year in salaries, and we would obviously do it then—or we can do what we are doing now, which is to try and take the peaks off by using external contractors, or we can staff to a predetermined level using only our in-house staff and let deadlines or delivery times for committee transcripts slip.

I do not think anyone particularly wants the latter, and we are certainly trying to get committee transcripts out consistently and continually within the time frames agreed with the committee secretaries. But there is no inconsistency between those two statements because we do need some strategy to manage the peak workloads that we experience.

Senator FAULKNER—How does Hansard make the assessment of cost effectiveness between in-house provision and external provider?

Mr Templeton—We could do it on a number of grounds. We could do it on just straight dollar costs—and the external providers are consistently lower than our own costs, which is not surprising, given the overheads involved in this building. We can do it on the basis of opportunity costs: for example, say there was a hearing in Katherine or somewhere remote, we have the cost of sending our staff out for the day of travel, the day of the hearing and the day back—three days opportunity cost lost, if you like—and then we have a look at what an external provider will cost us for that same exercise. It is really a constant balancing act of saying: where can we use all our resources to the most cost-effective effect?

Senator FAULKNER—But how do you do it?

Mr Templeton—Ms Barrett could give you the details. It is done by the Director, Committees.

Ms Barrett—We have a number of criteria for deciding when any job should be done by external providers. The principal one is workload—just looking at the peaks coming up, trying to get on top of the backlog before a period like this when estimates is sitting. We look at where a committee might be located. As Mr Templeton has suggested, if we have an external provider in Perth which saves us sending people to Perth we might decide to use them. The cost-effectiveness there is in the saving in travel fares and accommodation and the opportunity costs.

Senator FAULKNER—Are these criteria written down anywhere, and could we have a look at them?

Ms Barrett—Yes. They have been discussed at our divisional subcommittee, which is a staff and management consultative committee.

Senator FAULKNER—Would you be able to make a copy of those criteria available to the committee?

Ms Barrett—Yes, I would. In fact, I think I have notes on them here. But to save the time of the committee I can provide them to you.

Senator FAULKNER—That would be fine. Have you done any internal or external assessments about comparing in-house and external costs, apart from the criteria?

Ms Barrett—Yes, we have. We have looked at the percentage of hours that we have had provided by external providers and we have compared that with the percentage cost of external providers as a cost of our salaries budget.

Senator FAULKNER—That work has been done in-house?

Ms Barrett—Yes, it has been done in-house. We have also looked at individual costs by looking at the invoice cost of external providers and adding the estimate of the quality assurance time that we give all work that is done by external providers—that has been worked out at a certain amount per hour. We have added those together and found that using an external provider is consistent with our internal costs. We have also asked our internal auditors to come up with a process of being able to assess, for each job we have externally provided, what are the key performance indicators so that we can get information that will then form part of our quarterly management report.

Senator FAULKNER—Could we get a copy of that, too?

Ms Barrett—The report when it is available?

Senator FAULKNER—The assessments, yes, or the report.

Ms Barrett—Yes.

Senator FAULKNER—Thanks.

Ms Barrett—There is a mixture of methods at the moment. We are looking to get a consolidated pattern of reporting on effectiveness of external providers, which we will publish with our quarterly reports.

Senator FAULKNER—Has there been any movement, Mr Templeton, on the \$1,500 bonus and it being tied to the implementation of the staffing plans? Where are we up to there?

Mr Templeton—No, the \$1,500 bonus is part of the department's certified agreement. The certified agreement was certified in October last year. It runs from July 2000 to 30 June 2003, and the bonus is one of the provisions of the agreement.

Senator FAULKNER—No change in that area since we last canvassed it at this committee?

Mr Templeton—No.

Senator FAULKNER—Where would I find Hansard's performance standards, so I could get a handle on them?

Mr Templeton—Hansard's performance indicators?

Senator FAULKNER—Yes.

Mr Templeton—They are in the annual report.

Senator FAULKNER—Performance standards for client services or performance indicators for client services.

Mr Templeton—They are in the annual report in the historical sense. They are then in the portfolio budget statements and, as a result of the client satisfaction survey, they are also set out in those.

Senator FAULKNER—There are things like the two-hour delivery for chamber pinks and greens, et cetera.

Mr Templeton—Yes, as I said, they are in all those things. If the committee would like, the department is running to quarterly reporting internally at the moment. We have a very significant amount of performance information, and I am more than happy to provide that to the committee in toto.

Senator FAULKNER—I am interested in standards like accuracy, quality and the traditional and very important role, I might say, of editing the content for readability—that is, putting the odd verb in the odd sentence. This sort of thing seems to be done so much more effectively by Hansard than by the people who actually deliver the speeches.

Mr Templeton—If I might point to the annual report for 1999-2000, page 47 through to page 78 contains all of the department's performance reporting information.

Senator FAULKNER—Yes, but is there any—

Mr Templeton—Yes. There is chamber hours transcribed, committees by priority, committee hours transcribed, error rates, timeliness of pinks and greens, transcriptions delivered by date specified by committee, Hansard database usage and so on.

The PRESIDENT—Senator Faulkner, is there anything not in the annual report that you are looking for?

Senator FAULKNER—I am just asking whether there is anything other than what is in the annual report. It is all in there?

Mr Templeton—The annual report is based on our performance indicators. I am happy to provide the quarterly ones, if you would like.

Senator FAULKNER—Are they any different?

Mr Templeton—They will be the most current ones, from the June quarter—

Senator FAULKNER—That would be interesting and appreciated, and I will have a look at all that material. Just finally, the Hansard Production System, I think, is the jazzy name for the computer that is used for transcribing and producing the pinks and greens. Is that right?

Mr Templeton—It does many other things, but yes.

Senator FAULKNER—I am sure it does, but it transmits to the printers, for the dailies and the bound copies, et cetera.

Mr Templeton—Yes.

Senator FAULKNER—Was there any probity advice or probity overview for the tendering process for the Hansard Production System? I assume there was. I am just wondering where I could get a bit of a handle on that from.

Mr Templeton—The tender process finished about two years ago, if I remember correctly. I do not think we did a specific probity audit on that particular tender process.

Senator FAULKNER—Was there any auditing of the selection, the tender and performance of this contract that you are aware of?

Mr Templeton—Of the contract selection itself?

Senator FAULKNER—Yes.

Mr Templeton—No, but there was a steering committee which comprised representatives of all the parliamentary departments. They were the ones who analysed the two main bids and made the recommendation, so it was not simply a DPRS exercise. There were people from across the parliament involved.

Senator FAULKNER—Do you know what protections were in place to ensure there was no conflict of interest in this process at all?

Mr Templeton—There would have been the normal requirements on anyone who was involved in the process, if they had a conflict of interest, to declare it immediately.

Senator FAULKNER—This is the contract that was won by Aspect Computing, isn't it?

Mr Templeton—Correct.

Senator FAULKNER—What was the purpose of the drinks function recently with Aspect Computing? I thought it was something to do with the endgame of the contract, but please tell me about it.

Mr Templeton—The Hansard Production System was accepted, I think, early last week, and Aspect invited all the staff of Hansard to drinks to thank them for their assistance and to mark the handover of the system.

Senator FAULKNER—So it is completely finalised now?

Mr Templeton—It has been handed over, it has been accepted, but there is obviously continuing support and maintenance on any system, and we will continue to develop it—as the old system was developed over eight years.

Senator FAULKNER—Understanding the processes that did take place a couple of years ago, final handover has occurred quite recently?

Mr Templeton—Acceptance of the system; final handover.

Senator FAULKNER—Is there some contractual arrangement involved in that?

Mr Templeton—Yes. If I remember correctly, that marks the end of the contract for development with Aspect.

Senator FAULKNER—I see. And when was that signed?

Mr Templeton—The contract?

Senator FAULKNER—Yes. When was the final handover contract signing or whatever—

Mr Templeton—When was the acceptance?

Senator FAULKNER—Yes, the acceptance.

Mr Templeton—It was about 8 February, wasn't it?

Ms Barrett—We have not actually signed the final acceptance certificate yet. It was due on 31 January, and that is coming to me this week, I believe.

Senator FAULKNER—How many enhancements were there on the original basic design?

Ms Barrett—We have not enhanced the original basic design yet. That was an acceptance of the system as specified. We had some problems, so we were not prepared to accept it until the system had been stabilised. We have now reached the end of that phase. We will accept that the system meets the specifications as designed in the original contract. We will then be

looking at if anything else needs to be done to make the system more operational, more user friendly, to see if we can get benefits from the system that we are not getting from it now.

Senator FAULKNER—But haven't there been builds on the system to try to get it working as efficiently as possible?

Ms Barrett—Yes, there have been. The latest build, to fix some bugs, was released in January.

Senator FAULKNER—How many of them have there been?

Ms Barrett—There have been a number over the period since about last June-July, when we moved into the stabilisation phase.

Senator FAULKNER—Would you be able to take on notice for us the number of builds and when they occurred?

Ms Barrett—Yes, I can find that out.

Senator FAULKNER—Thanks very much. In the end, Mr Templeton, did this project take longer than the original timetable assumed?

Mr Templeton—Yes, it ran probably six to nine months over time.

Senator FAULKNER—Did Aspect Computing have to have on-site staff to ensure the system was running smoothly?

Mr Templeton—Yes, they have had on-site staff, and that would have been part of the normal handover phase anyway.

Senator FAULKNER—Are they still there?

Mr Templeton—We still have some.

Ms Barrett—Yes.

Senator FAULKNER—How many would be there at the moment?

Ms Barrett—Under our support arrangements, we pay to have out-of-hours support for one. We have a developer who has been working on some of the builds, and Aspect has, I think, one other person there providing support. The support alternates—

Senator FAULKNER—When are you likely to see the end of Aspect staff on site? Do you know?

Ms Barrett—We do have a support arrangement with Aspect staff, so while we maintain that support arrangement we will have at least one Aspect person on site to provide support.

Senator FAULKNER—will be quite some time, will it?

Ms Barrett—Certainly, I would think, until the middle of this year, and then we will review it. But there is the question of what the long-term support arrangements will be. We have always needed support arrangements for the system. We will be constantly reviewing where they are best provided.

Senator FAULKNER—Thanks for that. Finally, in relation to the charging of MPs and senators for broadcast service—and I use that word 'charging' advisedly—I sought a tape of the Joint Standing Committee on Electoral Matters. The way this works is that effectively you get a bill for the tape of the JSCEM hearing, and the normal way of paying for this is to give DPRS a blank videotape—which is fine. You get that from the Senate stores. It is not too

hard, but it does seem like a ludicrous round robin. I do not know if you are aware of it or not, Mr Templeton.

Mr Templeton—I am not aware of it. My understanding was that, if you had asked for only one tape of that particular committee, there would have been no charge in any case, nor should there have been a charge. It is only when multiple copies are requested that we charge.

Senator FAULKNER—No, this is one VH copy of a JSC—

Mr Templeton—There has obviously been a mistake. The policy is that, if you had asked for one copy of that particular day's hearing, you get it free, gratis and for nothing—we do not charge. If you had asked for five or 10 copies, we—

Senator FAULKNER—The only reason I raise it is that it may be worth looking at. It just seems like an absurd round robin. You invoice me, and I have to—

Mr Templeton—We do not operate in barter. We should, in fact, be charging you \$10 per tape. How that has happened eludes me. We perhaps are seeking to avoid the cash economy by—

Senator FAULKNER—Oh, you did not take account of the GST, Mr Templeton?

Senator ROBERT RAY—It is a case of robbing Harry to pay John.

Mr Templeton—I would encourage this at all costs.

Senator FAULKNER—The actual amount is \$9.82, but there is 98c GST—so \$10.80. But it can all be fixed up because, as I say, it is just robbing Peter to pay Paul or Harry to pay John or someone. But it might be worth having a look at it, because it does seem to be a preposterous way of doing it.

Mr Templeton—It is absurd, and it should not have happened. The only thing I can say is that, because of the GST, we will give you 10 per cent more committee hearing on each tape!

Senator FAULKNER—Let's hope we do not have 10 per cent more of Senate estimates, because that really would be a pain for all of us.

CHAIR—There being no further questions on the Department of the Parliamentary Reporting Staff, I thank you very much. I now call the Joint House Department.

[10.06 a.m.]

Joint House Department

CHAIR—I welcome witnesses from the Joint House Department. Are there any general questions to the Joint House Department?

Senator FAULKNER—I want to thank Mr Bolton, who sent, in answer to a question on notice, the list of the hire fees and conditions for the Great Hall. I wonder whether there are times when those are waived for certain worthy causes, et cetera.

Mr Bolton—Obviously the general rule is no but, if something were raised in a particular circumstance and it was felt that the parliament should support it, that action might be taken.

Senator FAULKNER—Have you had situations where the fees and hire charges have been waived?

Mr Wedgwood—I am not aware of any circumstances in which the charges have been waived.

Senator FAULKNER—What about a discount? Do you discount them at all?

Mr Bolton—I am not aware that we do. We do not encourage that sort of activity because it would then lead to all sorts of other things.

Senator FAULKNER—I am not suggesting you do, but there might be a very good reason for doing it.

Mr Bolton—Sometimes you can do something. For instance, if the House is sitting, there may be some charges that are being absorbed in the general operations of the House, and you may not pass something on. For instance, some people have rung me about wanting to hold a function, and I have told them that security charges are a major cost if the House is not sitting, because it means that they have to open the front door and operate that sort of facility which would not normally be open at that time. However, if the House is sitting, the front door is operational and it requires no more security staff to operate the front door. So I encourage people to look for an opportunity like that to reduce their charges.

Senator FAULKNER—I understand that. Instead of wasting time on this, could you perhaps take on notice for me whether there have been any occasions over the past three years—I think that would be reasonable—when there has been any discount or waiver of the fees beyond the security arrangements as you have outlined, which seem eminently sensible?

Mr Bolton—Yes.

Senator FAULKNER—Thank you. Could I ask some questions in relation to the landscaping works that have occurred around the building. There is the southern courtyards and there was the diesel tank replacement—I have never been quite sure whether that was associated with the landscaping or not. It seems to me from just eyeballing it that this work has basically been completed. Would that be right?

Mr Bolton—Very largely so, Senator. I have not caught up with the latest but I do notice that there are light fittings within the area and the wiring is there. But I have not seen the final fittings in place or the glass covers put on them. But as far as the soft landscaping goes, yes, it is in place.

Senator FAULKNER—Could you give us the final costs of those works, please?

Mr Bolton—Yes. I will call Mr David Thomas, the Chief Architect, to the table. He has been managing that project.

Mr Thomas—There is still some finalisation of costs to be undertaken in terms of contractual situations and those sorts of things. We are confident that the project—in the case of the southern courtyards—will be completed in a reduced budget to that which was originally anticipated and that it will be in the order of \$3.2 million. But I would expect there to be some minor variation of that amount when we finalise contracts.

Senator FAULKNER—I read an article in the newspaper about Senator Hill wanting to plant three gum trees and how this apparently caused a great deal of angst.

The PRESIDENT—Senator Hill did ask—

Senator FAULKNER—Did he ask you, Senator Reid?

The PRESIDENT—Some time ago he wrote and asked if he could plant a gum tree out there.

Senator ROBERT RAY—Was that a natural heritage project or not?

The PRESIDENT—It did not get that far, Senator.

Senator FAULKNER—You mean that he did not have Senator Alston round to his office to discuss it?

The PRESIDENT—I do not think that he appreciated that what was underneath the grass there was actually mainly rubble and building materials and I do not think even a gum tree would have made a go of it. The Speaker and I thought that it was important that the place be finished in accordance with its original design. We understood why it had not been completed in 1987. We felt that it should be done properly and be completed, hopefully, during the centenary celebrations.

Senator FAULKNER—I did not realise that he had had a battle with you. I read this article and it sounded like World War III.

The PRESIDENT—I have not seen the article.

Senator FAULKNER—Well, it was in the *Adelaide Advertiser*, so it was just Senator Hill's local paper.

The PRESIDENT—I missed it.

Senator FAULKNER—The headline was something like 'How three gum trees grew into a \$3.2 million folly'.

The PRESIDENT—That sounds—

Senator FAULKNER—So there was a lot of exchange, was there, between Joint House and Senator Hill?

The PRESIDENT—like a gross exaggeration.

Mr Bolton—I think it is an exaggeration, Senator. I think when Senator Hill was informed by the President's office of what was involved in the exercise—and we also gave him some information on that—the matter went away.

Senator FAULKNER—It went as far as a very large article on Monday, the 25th. This cannot be right. He could not have got his run on Christmas Day, Monday, 25 December 2000.

The PRESIDENT—Perhaps it was a slow news day.

Senator ROBERT RAY—Are you sure it is not 1 April?

Senator FAULKNER—I do not know. We will have to ask Senator Hill. But anyway, there are no gum trees?

The PRESIDENT—It is landscaped in accordance with the original plan and I am sure that Mr Bolton would be happy to take you on a tour of the area. The gum trees are mainly around the perimeter of the building and provide, I think, a very effective border to building.

Senator FAULKNER—Yes. And you can assure us that there is no more pollution of Lake Burley Griffin from the new diesel tanks, Mr Bolton?

Mr Bolton—They have all been pressure tested, I believe, Senator, and meet all the health and OH&S requirements.

Senator FAULKNER—So the good burghers of Canberra are safe?

Mr Bolton—It is not only the good burghers of Canberra. The lake runs down into the Murrumbidgee and Murray systems. That is why we were very concerned about it.

Senator FAULKNER—I see. So you have actually saved people in a territory and three states. That is terrific. What about the new telephone system? Is that the responsibility of Joint House?

Mr Bolton—No, it is the responsibility of the Department of the Parliamentary Reporting Staff.

Senator FAULKNER—I see. I was not sure whether it was yours or theirs.

Mr Bolton—Joint House used to look after the telephones in the old house, but when we came up here, and with the advent of computers and with the department's information technology being handled by the Department of the Parliamentary Reporting Staff, it seemed silly to have Joint House with the exchange—the PABX, which, quite frankly, is just a very big computer—sitting in the middle of their system. You would have too many cooks operating in the system, so we handed it over to DPRS when we occupied this building.

Senator FAULKNER—If I have the energy, I might ask them about it next time. Madam President, you sent to me this white folder with the Joint House Department's five special suites condition monitoring report—thank you very much. I have to admit that I did not read every single detail, but I read as much of it as I could. I noticed that, around the building, there seemed to be a lot of suite furniture that was not in its original position or cannot be located. I recall the antique writing desk which was singled out for special treatment previously at this estimates committee. I think it was suggested that a former Prime Minister had pilfered it on his way out of the building but it has since been found, of course. It seems there is quite a lot of furniture that is hard to locate in all sorts of offices around the place. Would that be a fair comment, Mr Bolton?

Mr Bolton—I do not think it would be fair to say that it is hard to locate.

Senator FAULKNER—Well, that you have not located then?

Mr Bolton—No, I do not believe that we have lost a lot of furniture. We have, even in those five suites, something in the order of over 500 pieces of furniture if we go down to individual chairs and tables, et cetera. All we were trying to do was to say that these are very important places, they were designed as a total entity, and we would like to pay close attention to them in the sense that they are really now in need of what I would call a refurbishment exercise some 12 years into their life. The longer we delay in getting into it, the bigger the task will be to fix it up. Also, I might say that we would like to fully implement a proper management system on the furniture.

Senator FAULKNER—Some of these things are described as 'not found' or 'not in this location' and so forth. When they are not found, it does not mean that they are necessarily missing, does it?

Mr Bolton—It just means that they may not be in that room or that they have been moved.

Senator FAULKNER—I notice that you are still fighting the rearguard battle about the Prime Minister's suite. Did you notice, Madam President, that it says about the Prime Minister's office:

The presentation of the room is satisfactory, pending possible reinstatement of original furniture in the future ...

So you have not given that away, Mr Bolton, I am pleased to see.

Mr Bolton—I think that is an issue at the moment which sits on the agenda. The issue of whether we do something there will probably be subject to a future Prime Minister. The current Prime Minister has made clear his views on the topic and would rather it not be done.

Senator FAULKNER—In relation to the Prime Minister's suite and the sitting room, the document says:

The presentation of the room is satisfactory with the exception of the existing bay window curtains that are inappropriate for the space ... This issue is being addressed in a separate project that proposes to replace the existing curtains with full-length curtains.

That surprised me a little because I thought there had been a prime ministerial veto over the curtains after we canvassed it at some length at this estimates committee.

Mr Bolton—There has. I would suggest that that property document has been developed over about a 12-month period and that work is not to go ahead. When I was commenting just previously, that is really what I was alluding to: the fact that that issue under the current Prime Minister has been vetoed. It is a July 2000 document, which preceded the veto.

Senator FAULKNER—When did I receive it from you, Madam President?

The PRESIDENT—Fairly recently.

Senator FAULKNER—On 1 February 2001. You were happy to let it go, knowing that it had been vetoed?

The PRESIDENT—It is part of the history of the management of the suites. In a sense, they are heritage suites that need to be monitored, documented and maintained. Those curtains should be put in and one of these days they probably will be.

Senator FAULKNER—As you say, the report was finalised some seven months ago. I assumed that since the developing of this report there had not been any significant changes in the prime ministerial suite.

Senator ROBERT RAY—The dry-cleaning bill has gone up; that is all.

Senator FAULKNER—I thought you would be making a comment about curtains in the Prime Minister's suite. But I gather there have been no significant changes since that time?

Mr Bolton—No.

Senator FAULKNER—Is this going to be a regular thing on these key office holders' suites; is that what you are planning?

Mr Bolton—What I am planning is a quarterly look at those suites to develop a program of ongoing maintenance so, once again, we can handle it in a holistic way and not send in whole lots of tradesmen at different times and disrupt the operations of those rooms. Those people have very large functional requirements and they have staff in them all the time. So that is what I have been aiming at, particularly in those five suites.

CHAIR—There being no further questions, that completes the examination of the parliamentary departments.

Proceedings suspended from 10.23 a.m. to 10.48 a.m.

PRIME MINISTER AND CABINET PORTFOLIO

In Attendance

Senator Hill, Minister for the Environment and Heritage

Department of the Prime Minister and Cabinet

Mr Alan Henderson, Executive Coordinator, Government and Corporate

Economic policy advice and coordination

Dr James Horne, First Assistant Secretary, Industry, Infrastructure and Environment

Mr Richard Murray, First Assistant Secretary, Economic

Dr Arthur Camilleri, Assistant Secretary, Economic

Dr Ian Watt, Executive Coordinator, Economic, Industry and Resources Policy Group

Social policy advice and coordination

Ms Rosemary Calder, First Assistant Secretary, Office of the Status of Women

Ms Joanne Caldwell, Assistant Secretary, Office of the Status of Women

Ms Karen Bentley, Assistant Secretary, Office of the Status of Women

Ms Katrina Edwards, First Assistant Secretary, Social Policy

Mr David Webster, Assistant Secretary, Health and Community Services Branch

International policy advice and coordination

Mr Michael Potts, First Assistant Secretary, International

Mr Ric Wells, Assistant Secretary, International

Mr Brendon Hammer, Assistant Secretary, International

Mr Patrick Cole, Assistant Secretary, International

Ms Julie Yeend, Assistant Secretary, Ceremonial and Hospitality

Mr Hugh Craft, Head, CHOGM Task Force

Support services for government operations

Ms Barbara Belcher, First Assistant Secretary, Government

Mr Peter Hamburger, Assistant Secretary, Government

Mr David Macgill, Acting Assistant Secretary, Government

Mr Paul O'Neill, Assistant Secretary, Awards and National Symbols

Mr John Doherty, Assistant Secretary, Cabinet Secretariat

Mr Tony Levy, Acting Assistant Secretary, Cabinet Support

Mr Greg Williams, First Assistant Secretary

Government Communications Unit

Dr Susan Ball, Assistant Secretary, Information Services

Mr Richard Oliver, Assistant Secretary

Corporate Support

Mr Joe d'Angelo, Senior Finance Adviser

Mr Terry Crane, Senior Adviser Services and Security

Sydney 2000 Games Coordination Task Force

Mr Ron Perry, Senior Adviser

Office of the Commonwealth Ombudsman

Mr Oliver Winder, Acting Ombudsman

Ms Catherine McPherson, Acting Deputy Ombudsman

Public Service and Merit Protection Commission

Ms Helen Williams, AO, Public Service Commissioner
Ms Lynne Tacy, Deputy Public Service Commissioner
Mr Alan Doolan, Merit Protection Commissioner
Mr Mike Jones, Team Leader, Corporate Strategy & Support
Ms Jenny Harrison, Team Leader, Values, Conduct & Diversity
Mr Kevin Isaacs, Team Leader, People & Organisation Development
Mr Jeff Lamond, Team Leader, Staff, Structures & Performance
Mr Chris Oates, Acting Team Leader, Reporting and Review
Mr Frank Nicholas, Chief Finance Officer

Australian National Audit Office

Mr Pat Barrett, Auditor-General
Mr Ian Mcphee, Deputy Auditor-General
Mr Russell Coleman, Executive Director, Corporate Management Division
Mr Colin Cronin, Executive Director, Performance Audit Services
Ms Lynne O'Brien, Executive Director
Mr Warren Cochrane, Group Executive Director, Performance Audit Business Unit

Audit Assurance Services

Ms Amanda McKenzie, Senior Finance Adviser

Department of the Prime Minister and Cabinet

CHAIR—I welcome Senator Hill and officers from the Department of the Prime Minister and Cabinet. Senator Hill, do you wish to make an opening statement?

Senator Hill—No.

CHAIR—Are there any general questions?

Senator FAULKNER—I would like to ask a question about questions on notice. I have been very disappointed in the recent period of time about the performance in answering questions on notice from the last three sets of estimates hearings. I think Mr Henderson would appreciate that, at times, we have given the Department of the Prime Minister and Cabinet some bouquets for its efforts as the premier department in this area but I do notice that, from the additional estimates supplementary round in May 2000, there are seven questions still outstanding for the department; from the budget round in June 2000, there are 102 for the department, nine for ATSIC and four for ANAO; and, from the budget supplementary round of November 2000, there are 80 for the department and 12 for ATSIC. This appears to me to be an unfortunate and growing trend. I think my mathematics is right. You may have better figures, but certainly my maths is correct as of late last week. As I say, it seems to be a disappointing situation and I wondered if you could indicate to the committee when drafts of answers will be provided to ministers and why this trend appears to be developing in relation to Senate estimates questions on notice.

Mr Henderson—The figures you read out, going back earlier than the most recent hearings, are they figures in relation to answers outstanding? At one point, you mentioned a figure of 80.

Senator FAULKNER—That is right; for the supplementary round there were 12 in ATSIC and 80 for the department. Does that not agree with the figures you have?

Mr Henderson—I can check in a moment in respect of questions outstanding for the 22 May and 24 May budget hearings, and I can give you the state of play for questions taken on notice most recently on 22 November 2000.

Senator FAULKNER—I think you would acknowledge that at times the department has been congratulated for its efforts in this regard. Within this estimates committee, we have been able to compare favourably the performance of PM&C with, say, the Department of Finance and Administration. The recent trends show—and this does not go to the quality of the answers, I might say; that is another issue—there are few outstanding answers from DOFA and a very substantial number from PM&C. I wondered why this recent pattern has been developing. Are the drafts going to the minister's office and you find that the paperwork is lying around the offices? What is the situation?

Mr Henderson—I have not typically gone into the details. I take responsibility for getting the answers to you. I think it is for the Prime Minister's office and us to sort out the intermediate timetables. I will make a point about this most recent round. The situation with regard to questions taken on notice on 22 November is that we took 52 questions on notice at the hearings themselves and there were 18 placed directly on notice for OSW—a total of 70 for the department itself. There were another 30 placed directly on notice for the then Office of Indigenous Policy. Of course, you would be aware of the change in the administrative arrangements orders, so that last 30 will now be handled separately.

Senator ROBERT RAY—In terms of the deadline for answering these questions, that new department did not exist at the time you breached the date—that is, you were supposed to get them in by a certain date and that department may have been contemplated but certainly was not announced publicly until several weeks later.

Mr Henderson—I take your point, Senator Ray. It was all one department in November. With regard to the 70 that are now with the Department of the Prime Minister and Cabinet, we have now answered 52. I accept that 39 of those were delivered to the committee last Friday.

Senator FAULKNER—My figures do not take account of those, Mr Henderson. I make the point that we have the advantage of a very efficient committee secretariat which provides an ongoing status sheet, if you like, of unanswered questions on notice. I think that I qualified my question earlier by saying that if the answers came in last Friday I would not have received them. I have not had a chance to look at them. I make this point to you also: in estimates committees, if answers do come in late on a Friday, what opportunity does this give senators who might be travelling to Canberra on a Sunday evening or a Monday morning? Virtually none. My figures are accurate from the material provided to me by our secretariat. It is a worrying trend and I think it is one worthy of comment in the circumstances where, on previous occasions, you have been congratulated on your efforts.

Mr Henderson—I appreciate that. The state of play is that, of the 70 questions taken on notice by the department in November, we have now provided answers to 52. In the processes leading up to that situation the department aimed to get draft answers prepared before Christmas. That is fine for the department and we handed over most of them just before Christmas. But the Prime Minister's office and everyone else in Australia like to take a bit of a holiday from late December, so there was down time.

Senator FAULKNER—No-one is critical of that, Mr Henderson. Even senators like to take holidays. Some suggest that we take holidays that are too long.

Mr Henderson—So that is part of the explanation on this occasion.

Senator ROBERT RAY—Just to get it clear, they went in bulk—let us take these 39.

Mr Henderson—Most of them were finalised before Christmas but not all of them.

Senator ROBERT RAY—How many of the 39 that appeared on Friday were finalised before Christmas?

Mr Henderson—I do not have a precise answer to that.

Senator ROBERT RAY—What we are looking at is 52 days for these answers to be cleared. No-one takes holidays for 52 days. There seems to be an enormous bottleneck or inefficiency in the Prime Minister's office. We are not talking about a staggering number of questions. Other departments have had to handle and clear far more than that.

Senator FAULKNER—Naturally we try to deal with these things informally, Mr Henderson. As you can imagine, my office deals directly with Senator Hill's office and Senator Hill's operatives basically say, 'These matters are waiting for the clearance of the Prime Minister's office.' It is pretty frustrating.

Mr Henderson—In respect of those 39, not all answers were finalised by the department before Christmas. I am just making the obvious point—and you have acknowledged it—that lots of us take a break during that time, so that accounts for part of the 52 days. We will try to lift our game. I accept the point that they should have been prepared earlier.

Senator ROBERT RAY—Are you aware that the Senate has abolished the supplementary additional estimates round? Will that help a bit?

Mr Henderson—No, I was not aware of that.

Senator ROBERT RAY—I am glad I am conveying good news.

Mr Henderson—Yes. I am trying to look pleased, Senator; I am indeed.

Senator FAULKNER—You might even be surprised to learn, Mr Henderson, that it was an opposition initiative—to give credit where it is due.

Mr Henderson—Thank you. I am very pleased to hear that as well.

Senator ROBERT RAY—On the questions on notice, though, let us shift to the more formal ones that are placed on the Senate *Notice Paper*. On page 20 of your annual report you note the number of questions answered. You also say:

The average time taken to lodge responses to questions asked in 1999-2000, including ministerial clearance, was 59 days for Senate questions ...

Are you aware of the requirement of the Senate for a 30-day turnaround?

Mr Henderson—I am aware of that time line. I can also recall our exchange at the last hearings when you said that you were not actually a supporter of the 30-day rule.

Senator ROBERT RAY—No. The main supporter of this, when he was in opposition, has just left the chair and walked around the side of the room. Does this fundamentally say that the 30-day rule should really be a 60-day rule, in your view? I will not hold you to it. We need to get experienced officials to tell us what is realistic.

Mr Henderson—As I said at the last hearings, as far as I am concerned, the 60-day rule is a more practical time line.

Senator ROBERT RAY—That would be reinforced anyway by the fact that rarely does a senator exercise their rights under standing orders inside 60 days; they always leave it for a fair amount of time. With respect to the outstanding questions you now have on notice, which

question has been outstanding for the longest time and, as of today, how long has it been outstanding?

Mr Henderson—Off the top of my head, I do not have that answer.

Senator ROBERT RAY—Does November 1998 ring a bell?

Mr Henderson—No, it does not.

Senator ROBERT RAY—You might refresh your memory at some stage. It is a question from Senator Ray to the Prime Minister. Let us for a moment go to the quality of answers of questions on notice. I want to return to this point in later questioning. I asked a question:

Is it necessary to provide the nature and date of hospitality received in declarations to the Prime Minister?

The answer was:

Ministers are required to provide a description of the hospitality received.

Do you think that is a high-quality answer that actually assists me? Or is just a smart-alec put-off?

Mr Henderson—What page was that in the *Hansard*?

Senator ROBERT RAY—This is an answer to a question on notice from the previous estimates hearing, *Hansard* page 51, outcome 2, output 4.2. This is an answer that you have supplied.

Mr Henderson—Ms Belcher might have a comment to make on that.

Ms Belcher—The only requirement given to ministers is that they show that information—there is no further detail of what they need to provide.

Senator ROBERT RAY—But I really need to know what a description is. That is what I was chasing. I thought that was blindingly obvious: should you put the nature of the event and the date of the event down, rather than just from whom the hospitality was received?

Ms Belcher—It is not an explicit requirement to give that detail.

Senator ROBERT RAY—I thought the sort of detail I was seeking was obvious. I think the answer could have said: you are not required to put the date or anything else. That is in the context of the discussion at the time the question was asked. I will come back to that hospitality question in a few minutes. Minister, there was a report in a newspaper—which of itself worries me; that it was in a newspaper—that a special security cabinet meeting or committee meeting had to be called either adjacent to or during the Olympics to ratify a decision that had already been made, apparently either illegally or without proper authority, to have Defence personnel do surveillance work during the Olympics. Who brought that to the attention of the Department of the Prime Minister and Cabinet?

Senator Hill—I think the matter was brought to the Prime Minister's attention by officials.

Senator ROBERT RAY—By whom?

Mr Henderson—By a member of the Olympic task force.

Senator ROBERT RAY—I never trust newspaper articles on these matters, because obviously the basis is a leak somewhere, but I thought I read either directly or between the lines that it was an official of PM&C—

Mr Henderson—Yes.

Senator ROBERT RAY—Or a seconded member of PM&C who drew that to attention.

Mr Henderson—That is correct.

Senator ROBERT RAY—And do you know approximately when that person drew PM&C's attention?

Mr Henderson—No. It would have been in September, I suspect.

Senator ROBERT RAY—Was it in the course of the Olympics, or just preceding the Olympics?

Mr Henderson—Preceding the Olympics.

Senator ROBERT RAY—Yes; it would have been hard to get a cabinet meeting during the Olympics—I accept that. And was what was drawn to the attention of the department by that departmental official that there was insufficient authorisation? Or was in fact the advice that this action was illegal as it currently stood.

Mr Henderson—Senator, we are not able to go to the substance of the advice that that person was passing to senior executives in our department or to the government.

Senator ROBERT RAY—First of all, I am anxious not to transgress on security matters that should not be raised; but we also have a degree of surveillance necessary to make sure proper procedures occurred—without going to the substance of them. I am trying to get to the bottom of whether this was a breach of protocol or a breach of the law that required an authorisation from cabinet.

Mr Henderson—A seconded PM&C officer did draw this matter to the attention of the government. Beyond that, I think your questions are best directed to the hearings involving the Department of Defence.

Senator ROBERT RAY—Well, I am asking it here because you are the department in charge of the cabinet. According to your annual report, you had a pretty major coordinating role with the Olympics. It is not just a Department of Defence matter.

Mr Henderson—Yes, we do; but the train of your questions seems to be inevitably leading to the substance of the advice that was passed on, and we are not able to disclose that.

Senator ROBERT RAY—I am not asking for the advice.

Mr Henderson—You asked me: was it a matter of protocol or what was the law in respect of this. I cannot answer those questions. But the PM&C official did draw this matter to the attention of the government.

Senator Hill—And the matter was then considered by the national security committee of cabinet and, I understand, subsequently the Chief of the Defence Force issued a statement. There was certainly an issue there. Whether it was one of practice or law, I do not know; but the matter was brought to the attention of the government and it would seem then that proper process was followed.

Senator ROBERT RAY—And you, of course, would not have any idea how this reached the newspapers?

Senator Hill—I would not want to speculate on that.

Senator ROBERT RAY—Quite often, when these matters reach the newspapers, you ask for an investigation. Have you done that on this occasion?

Senator Hill—I do not know of any investigation having been carried out.

Mr Henderson—The Department of Prime Minister and Cabinet has not initiated an investigation into that.

Senator ROBERT RAY—Is this a change of policy, the fact that you have never caught anyone, and that you are more reluctant to investigate leaks now, especially in the security area?

Mr Henderson—Whether you catch people or not does not alter the fact that these inquiries do have a significant deterrent effect.

Senator ROBERT RAY—But the last two or three I have raised at this committee you do not seem to have had an inquiry into. I just wondered if you had changed policy.

Mr Henderson—I am not aware of any conscious change of policy on those matters.

Senator ROBERT RAY—Or is Mr Shier bottling up too many resources to have anything available, I wonder? Again, as I say, I do not want to go into the detail of this; but I do not think we have an opportunity as parliamentarians to scrutinise this anywhere. If we cannot do it here, I do not think we have an opportunity anywhere to scrutinise it at all. I stress, Mr Chairman, that I am not trying to go to the substantive security issues but to the processes there.

Senator Hill—I do not think there is any quarrel with exploring the process. Clearly there was an issue—

Senator ROBERT RAY—And we cannot be told really what the issue was?

Senator HILL—And we basically acknowledge that. We are not going into exactly what the role of these people was, but there was an issue that led to a meeting of the national security committee of cabinet and then the issuing of a public statement.

Senator ROBERT RAY—When was the public statement made?

Senator Hill—I understand 21 September.

Mr Henderson—The Chief of the Defence Force issued a statement on 21 September 2000.

Senator FAULKNER—Did the department in late 1999 request advice from other departments as to whether they had a capacity to bring forward expenditure from financial year 2000-01 to the previous financial year—in other words, at the time the request was made? Are you aware of this?

Mr Henderson—I do not think we would be in a position to answer that question. I cannot recall whether that event occurred or not. I just see that as a matter of internal budget deliberations, frankly.

Senator FAULKNER—I thought it was absolutely appropriate that at a Senate estimates hearing we would discuss such a matter.

Senator ROBERT RAY—Distortion of the budget.

Senator FAULKNER—Yes, it is cooking of the books if it occurred.

Senator Hill—No, it is not. The basic process is an internal matter. The outcomes, by all means, are public debate.

Senator FAULKNER—What I am asking is whether Department of the Prime Minister and Cabinet in the first half of the 1999-2000 financial year requested advice from other

departments on a capacity to bring forward expenditure from 2000-01 to the previous financial year—that is all. I am surprised at your reaction to that, Senator Hill.

Senator Hill—If that occurred, that does seem to me to be part of the ongoing budget process.

Senator FAULKNER—If that occurred, we would like to know about it. I am now asking the process question of whether other departments were contacted.

Senator Hill—I think the answer was a correct answer: that that really is a legitimate matter of the internal business of government.

Senator FAULKNER—It is certainly internal business of government. Whether it is legitimate or not is another question. But be it an internal matter of government, it certainly is a matter appropriately dealt with at an estimates committee. In fact, these committees have traditionally dealt with these sorts of issues over very many years. It is one of their functions and tasks to do so.

Senator Hill—You might argue therefore that it is a question worth answering. The issue is whether it is one which the official or the government can be reasonably required to answer. I would argue no.

Senator ROBERT RAY—If this was done, there is nothing in the budget papers that indicated that it happened. Therefore, it is relevant to us because it would mean a distortion of the additional estimates without explanation. So it is a matter for us to look at it.

Senator Hill—If it happened, I do not think it represents a distortion at all.

Senator ROBERT RAY—It does if there is no acknowledgment. If there is no acknowledgment in the budget papers and the additional estimates that you are taking this action to bring expenditure forward to ease budgetary pressures the following year, it should be noted somewhere. It is not a question of internal processes.

Senator Hill—But the outcomes are public knowledge and that by all means is a legitimate public debate. But the issue as to whether the government, within the realms of normal accounting policy and practice, readjusts its expenditure priorities is, I would have thought, of its concern. If it then flows through that there is further expenditure in the previous year, then by all means that becomes a subject for public debate.

Senator ROBERT RAY—We are not talking about asking a department to fully expend its funds for budget management purposes. We are talking about bringing expenditure forward and then making no notation in the additional estimates process or the budget papers that you have done so. Then you will have an outcome the following financial year that you and others can boast about but it would be based on the fact that the budget deficit of the previous year had accidentally blown out by that extra expenditure.

Senator Hill—But the following year would be reduced, wouldn't it?

Senator ROBERT RAY—Yes. That is the point. We are not going through this exercise as a joke. You have to have a motive.

Senator FAULKNER—If it happened in any department it would have to be reflected, as Senator Ray says, in the additional estimates.

Senator Hill—The additional estimates—

Senator FAULKNER—I am going back a step.

Senator Hill—I do not know that it affects the additional estimates.

Senator FAULKNER—I am asking a process question in relation to Prime Minister and Cabinet. I am not suggesting that this happened in relation to the PM&C's own budget allocation. I am asking whether PM&C asked other departments for advice on such a process in relation to other departments.

Senator Hill—My answer to that is that I agree with the official. I do not think that it has been normal practice for governments to publicly disclose such internal communications between departments relating to accounting matters provided that they accord with normal accounting practice.

Senator ROBERT RAY—I would have thought that was more the duty of Treasury and the Department of Finance and Administration. That raises the other question: why would PM&C be doing this?

Senator Hill—That is an interesting question.

Senator ROBERT RAY—I know the answer but I thought you might.

Senator Hill—If PM&C did this I think it would presumably be because of its general oversight of the whole of the business of government.

Senator ROBERT RAY—Wrong. Do you want to have another stab?

Senator Hill—I beg your pardon?

Senator ROBERT RAY—That was wrong. Do you want to have another stab?

Senator Hill—Seeing that I have not admitted to the original claim—

Senator FAULKNER—But you will in time, Senator Hill. I promise you that you will in time.

Senator Hill—I do not think that I should stab too often.

Senator ROBERT RAY—The fact is that this request came from the Prime Minister's office to PM&C.

Senator FAULKNER—That is true, isn't it, Mr Henderson?

Senator Hill—Mr Henderson has already answered that it is inappropriate to provide detail on what are legitimate internal actions of government to accord with acceptable accounting practice.

Senator FAULKNER—Isn't it true, Senator Hill, that in late 1999, probably in October or November, the Prime Minister's office requested the Department of the Prime Minister and Cabinet to seek advice from at least the Department of Defence—and possibly other departments—as to whether expenditure from 2000-01 financial year could be brought forward to the previous financial year? Isn't that a fact?

Senator Hill—Communications between the Prime Minister's office and his department are even more so regarded as privileged within an estimates committee process than communications between departments.

Senator FAULKNER—I am talking about the communications from Prime Minister and Cabinet acting on the Prime Minister's office request to the Department of Defence and/or any other government departments.

Senator Hill—And my answer is that, in my view, it is inappropriate for the officers to answer questions to this committee on their communications with the Prime Minister's office.

Senator ROBERT RAY—You see, looking at the roles and functions as described in the annual report, bodgying up budget figures has always been the preserve of the department of finance and Treasury. I am just wondering why PM&C are getting in the loop. I cannot read where you have got that right here. I know you have to act on every missive sent from the Prime Minister's office.

Senator FAULKNER—Weren't you required to do this, Mr Henderson, before a cabinet meeting on 23 November 1999?

Senator Hill—I think Mr Henderson has said that he regards it as inappropriate to answer these questions, and that is my view.

Senator FAULKNER—No, you have said you think it is inappropriate.

Senator Hill—I am sure if the roles were reversed, Senator Faulkner, you would say it was unduly and inappropriately intrusive.

Senator FAULKNER—Time will tell on that, Senator Hill, won't it?

Senator Hill—I can reflect upon a long past as well, Senator Faulkner.

Senator FAULKNER—The point that I am making is that there are, at a departmental level, communications flowing at least between the Department of the Prime Minister and Cabinet and the Department of Defence on this very issue. And it is true, isn't it, that the Department of Defence provided formal advice to the Department of the Prime Minister and Cabinet on this request. Surely someone can at least confirm that.

Senator Hill—You are just repeating the question and adding further alleged specifics. It does not change the tenor of the original question or our response.

Senator FAULKNER—If we keep going in this way, Senator Hill, we will be forced to release the leaked Department of Defence minute—and I am sure you would not want us to do that. So why don't we cut to the chase and get some answers to the questions?

Senator Hill—I certainly would not encourage you to be involved in improper behaviour.

Senator ROBERT RAY—But you can confirm that the Department of Defence was asked to bring forward \$400 million in the very financial year, for the first time in history, where the defence department dipped into their capital equipment account for \$400 million to pay recurrent expenditure? I just find that amazing that those two things would occur in the same year and that you would make that request.

Senator Hill—I do not know that there is much point in me just repeating the answer. You may well wish to question the Department of Defence about its financial affairs, but what you are questioning here is the communications, or alleged communications, between the departments and the Prime Minister's office. That is what I say is beyond the normal province of an estimates committee.

Senator FAULKNER—We are actually questioning you and Mr Henderson about the role of the Department of the Prime Minister and Cabinet in this particular scam.

Senator Hill—But I am responding by saying that I believe that the information you seek is beyond the normal scope of an estimates committee. And I think that that would certainly have been the view taken by successive governments.

Senator FAULKNER—Such a request would be unprecedented, wouldn't it, Mr Henderson?

Senator Hill—If the PM&C had asked the department, that is very speculative. I think Senator Ray has almost conceded that what seems to be occurring here is not unusual between the finance department and individual—

Senator ROBERT RAY—No, I haven't.

Senator Hill—That is the way I am interpreting what you said. What you are asking here is: would it be unusual for such a request to flow from PM&C?

Senator ROBERT RAY—No, what is unusual is that the Prime Minister's office requested the Department of the Prime Minister and Cabinet to seek urgent advice from the Department of Defence to bring forward \$400 million worth of expenditure from the following financial year. That is what is unusual. It is not unusual for the Department of Defence to bring forward expenditure to balance their budget or delay expenditure to budget what is a very hard to manage global budget. The Department of Defence acknowledge there is no benefit whatsoever in bringing forward this \$400 million for their own processes that would create minor but not major difficulties, but basically they should go along with it because it is a good suck up process and will make them more immune in the next budget process. That is basically the story, but why is Prime Minister and Cabinet involved? I can understand Treasury and Finance being involved. I also think they should acknowledge they have done it.

Senator Hill—But I do not think it is historically unusual for Finance/Treasury to make such requests within the framework of the overall budget of government.

Senator ROBERT RAY—But the whole point is that it is not acknowledged anywhere. It is not acknowledged in the budget papers that they have made these requests. I am not even saying that eventually \$400 million was brought forward in Defence. What I am saying is that it should be acknowledged that that is the game plan in the additional estimates.

Senator Hill—The next set of financial information for estimates in such a circumstance would have to incorporate any change that was made as a result of that, so the actuals in the forward estimates would reflect the circumstances that flowed therefrom. What you are saying is that it might be difficult to read the small print into such a set of accounts, but I do not know there is necessarily a great deal that flows from that.

Senator ROBERT RAY—But you and I both know this is only done so that the headline rate of projected deficit that appears in the budget papers would look different. That is what this scam is about. No-one looks at the previous deficit. They look at the predicted deficit, and that is what this is all about.

Senator Hill—There is no issue of any scam. I think what I said is correct. What is being put here is what is unusual in the circumstance, and the only aspect being put as unusual is whether there was a PM&C involvement. I do not know whether it is unusual for PM&C to enter the realm of overall government accounts, but I actually would not have thought it was extraordinary.

Senator ROBERT RAY—They did it because the PM's office asked them to. That is what is unusual.

Senator Hill—But if that is the line of argument, the PM's office could have asked the Treasury to do it.

Senator ROBERT RAY—Precisely. They should have.

Senator Hill—Why should they? I do not see that that necessarily flows.

Senator ROBERT RAY—Because the administrative order is basically of Treasury and Finance and the overall control of the budget, not PM&C.

Senator Hill—I think Senator Faulkner gave PM&C a particular status a while ago in terms of the total public sector responsibility. They do take an overview of the actions of all portfolios.

Senator FAULKNER—Yes, but given that the objective of this is to try to ease government budget pressures in 2000-01, it would seem quite extraordinary that this matter comes from Prime Minister and Cabinet, whether it has a coordinating role or not. I would be interested to know in fact whether the Treasurer or the Treasury was even aware of it.

Senator Hill—If it so occurred, it does not seem so extraordinary to me.

Senator FAULKNER—I think others will differ, but given that you seem—

Senator ROBERT RAY—Bent on covering up.

Senator FAULKNER—Yes. You seem very reticent about it.

Senator Hill—Ha, ha!

Senator FAULKNER—Absolutely. You are not even willing to confirm it took place, even though there is a cabinet minute in relation to it.

Senator ROBERT RAY—I think we can leave the Defence portfolio until Wednesday. There were a variety of articles in the newspaper, Minister—and you might like to get the officials to comment on this—and there seemed to be more than a strong hint from the finance minister that senior public servants' performance pay should be very closely looked at because of their failure to implement IT outsourcing as directed by government. Has it come on the screen in Prime Minister and Cabinet that you should be looking at cutting people's performance pay because they have failed to deliver the savings on IT outsourcing?

Mr Henderson—Ms Belcher can assist you on that issue. It is not retrospective. You are implying that they will be held to account for things in the past.

Senator ROBERT RAY—It is only in the future?

Mr Henderson—There are new devolved arrangements in respect of the implementation of the government's IT outsourcing policies.

Senator ROBERT RAY—So you cannot get any of the money back from bungs by departmental heads and others who have failed to implement government policy or even go back to the designers of this brilliant scheme; that is just not possible?

Mr Henderson—That is not the purpose of performance appraisal.

Senator Hill—You are only involved in performance appraisal beyond your own department as secretaries, aren't you; is that right or wrong? Performance appraisals beyond PM&C: how far do you cast your net?

Ms Belcher—In relation to secretaries—

Senator FAULKNER—Not very far at all.

Senator Hill—It is only secretaries, isn't it?

Ms Belcher—Yes.

Senator Hill—So I presume the question is relating to secretaries?

Senator ROBERT RAY—For the purpose of discussion, we can put it there at the moment; we can move on later.

Senator FAULKNER—But let us be clear, Senator Hill: these questions are predicated on Mr Fahey's own comments, which of course were responded to in widely leaked comments from Mr Moore-Wilton, the secretary of the department.

Senator ROBERT RAY—No, I think we should correct that; they were not leaked. It says here, 'Mr Moore-Wilton told the *Age* yesterday.' He told them directly, so it was not a leak. I am sorry to interrupt your flow.

Senator FAULKNER—So on this particular occasion Senator Ray is quite right; they were not leaked from a departmental secretaries meeting.

Senator Hill—Performance assessments obviously would take into account whether the relevant secretary is meeting the government's requirements in this regard.

Senator FAULKNER—But isn't it true that Mr Fahey was reported as warning departmental secretaries, senior public servants, that they would be held personally responsible? These are Mr Fahey's own words; let me quote directly:

... If they fail to apply those policies properly, they do so at their own peril," he said two weeks ago, adding that recalcitrant bureaucrats would lose performance bonuses.

Ms Belcher—In the response to the Humphry report, it was indicated that as part of the annual performance appraisal cycle of secretaries the success of implementing the government's outsourcing objectives would be part of the appraisal; that secretaries would be judged on that.

Senator ROBERT RAY—Can we confirm that Mr Max Moore-Wilton indicated to the *Age* that at a meeting 'next week'—on 25 January, so this meeting is long and truly over—he would reassure department heads that the performance payments process would remain unbiased and would not be slated towards outsourcing. That is basically the government's view, is it?

Senator Hill—But there is no inconsistency between both the statements there and Mr Fahey—

Senator ROBERT RAY—No tricks. It is just a straight question. I am saying: is that the view?

Senator Hill—The answer is: yes, it would not be unfairly biased towards outsourcing.

Senator ROBERT RAY—Do not look for hidden hooks that are not there. That was just a straight question: is this the government policy on this?

Senator Hill—My answer would be yes.

Senator FAULKNER—So did Mr Moore-Wilton reassure department heads at a secretaries meeting the subsequent week?

Ms Belcher—I am not aware of that. The appraisal though is to be part of the general appraisal; there is not any separate appraisal system in relation to IT.

Mr Henderson—So secretaries have been advised by Mr Moore-Wilton and the Public Service Commissioner, Ms Williams, of the new arrangements to apply.

Senator FAULKNER—But when was that advice?

Mr Henderson—It was quite recent. But it makes it clear that their performance in respect of implementing IT outsourcing consistent with the government's response to the Humphry review is just one element of the assessment of their performance—but it is an explicit element.

Ms Belcher—The secretary and Public Service Commissioner advised secretaries at the end of January.

Senator FAULKNER—Yes, at the meeting that was referred to in the *Age* article of 23 January 2001. I assume these are the self same meetings. You do not have them that regularly, do you, Mr Henderson?

Ms Belcher—The commissioner and secretary advised secretaries in writing in January.

Senator ROBERT RAY—Was every departmental secretary or representative invited to this meeting, or were a few excluded like at a previous meeting?

Mr Henderson—Ms Belcher has just said that Mr Moore-Wilton and Ms Williams wrote to all portfolio secretaries, spelling the arrangements out quite clearly.

Senator ROBERT RAY—But I am asking about the meeting that presumably occurred some time after 25 January, when Mr Moore-Wilton has given a preview to the *Age* that he was going to assure department heads. Were all department heads invited to that?

Mr Henderson—All portfolio secretaries are invited to those meetings.

Senator ROBERT RAY—None were excluded at the meeting, like at a previous meeting?

Mr Henderson—Nobody was excluded from the previous meeting that you are referring to. The previous meeting was postponed by a week. As a result of that, it clashed with some longstanding leave arrangements that Dr Boxall had in place. That is the explanation as to why he was not present at that meeting.

Senator ROBERT RAY—I accept that.

Mr Henderson—I am sorry, I misinterpreted your comment. I thought you were saying that somebody had been excluded from a meeting.

Senator ROBERT RAY—I thought when the meeting concerned was under way, they dealt with one item, let two or three disappear off and then reconvened. That didn't happen this year?

Ms Belcher—Sometimes when acting secretaries are present, they leave for particular items. There were no acting secretaries present at the meeting at the beginning of February.

Senator FAULKNER—Senator Hill, do you accept Mr Fahey's comments in that:

"... it is widely accepted that agencies' inertia and resistance to change contributed significantly to these delays," he said.

Do you accept Mr Fahey's criticism of agencies and departments in relation to the IT outsourcing issue, or have we moved on since then?

Senator Hill—I would not have thought there was overwhelming enthusiasm from agencies regarding the policy.

Senator FAULKNER—So there has been some revisionism, has there? So you do not accept it?

Senator Hill—I think for many agencies it has been quite a traumatic process.

Senator FAULKNER—He was wrong there, was he?

Senator Hill—No, I did not say that at all.

Senator ROBERT RAY—He was just having a bit of biffy after humiliation, wasn't he?

Senator Hill—I think there has been more success in the policy than some others probably do.

Senator ROBERT RAY—So you will not want any of those savings clipped off your own department? That is good.

Senator Hill—I am sorry?

Senator ROBERT RAY—You will not want any of the savings already clipped off your own department back, it has been such a success. I hope someone from Finance notes that down.

Senator FAULKNER—The situation is that you have had criticism from Mr Fahey about certain agencies. I think Centrelink, Health, and the CSIRO are on a go-slow for outsourcing, and have been criticised by Mr Fahey. But, given the subsequent criticisms of the program by the Auditor-General and Mr Humphry, surely the caution of those agency and departmental heads is something that you would now acknowledge should be rewarded. In fact, maybe you could give them a performance bonus for actually realising that Mr Fahey's IT outsourcing scheme was a dog's breakfast.

Senator Hill—It would not be uncommon for senior public servants to believe that the political judgments under which they are acting are in error. Nevertheless, part of the job is to implement them—

Senator FAULKNER—The question here is the application of the performance pay system, is it not? Mr Fahey is saying clip the secretaries for their performance pay for being cautious, having a go-slow, when others might well say that their caution was totally appropriate given the debacle and fiasco that the IT outsourcing proposal has become.

Senator Hill—Firstly, I do not think it has become a debacle and a fiasco. I think significant—

Senator FAULKNER—Haven't you read the ANAO's report and Mr Humphry's report?

Senator Hill—I have read the report. I am happy to have the debate. You could have asked me elsewhere what I think. I think significant benefits have flowed from the outsourcing. I think it was a highly ambitious project in the way that it was tackled. In retrospect, given the time frames within which we sought to achieve the outcomes, it may have been somewhat overambitious. I think there were significant issues, particularly easy to judge in retrospect, in relation to the grouping of particular agencies and trying to provide a common solution for what were different issues. I thought that was the most marked outcome of the process. Out of the years of experience, the way in which we intend to go forward, where the responsibility is a more devolved responsibility, is sensible.

Senator ROBERT RAY—But you have always been noted for your graciousness.

Senator Hill—When you come down to the question of judging the secretaries—which is what you asked me about—yes, secretaries get judged on their performance under government policy at the time in which that policy was in existence.

Senator ROBERT RAY—You say a lot of these things are unforeseen—and I know you are a very gracious person—but a couple of senators pointed out from day one that it was

overambitious, that it would not work, et cetera. There was no chance of them getting any performance pay. I speak without any self-interest because I was not one of them. But it was pointed out very strongly. In fact, one of our senators sat at this table with the previous director of OASITO trying to humiliate the senator all the way through the proceedings as she raised questions on this outsourcing stuff. He is back in Canada and she has been proven right.

Senator Hill—This is an interesting discussion. If we had gone down her path nothing would have happened. If there has been a net benefit that has flowed from the experience we have gone through, my assessment is that we would have been worse off. Even if we had started with a more devolved process, would we be better off now than we are? I suspect not. In some ways, I think it needed a significant push in the early stages.

Senator ROBERT RAY—But it did not need a massive five-year plan, centrally directed, and useless advisers brought in from the US to do it. No-one here is disputing that outsourcing IT quite often is a sensible idea—it is how it was implemented.

Senator Hill—I think there were people disputing—

Senator ROBERT RAY—People were critical about it at the time. Twenty-three departments or whatever—I am sorry; I can't remember the figure—were critical about it.

Senator Hill—But you are asking us to pick winners—those who were smart in the first place. I think some of those who now claim to have been a winner were opposed to outsourcing; it was not that they wanted outsourcing done in a slightly different way.

Senator FAULKNER—You seem to miss the fundamental point, which is that the Minister for Finance and Administration argued that the recalcitrant secretaries—particularly those in Centrelink and CSIRO—should lose their performance bonuses because of their attitude to IT outsourcing, whereas some might say 'Why not clip the performance bonuses of the only two departmental secretaries that put their shoulder to the wheel and supported this fiasco?' If I remember correctly, they are the secretaries of the Department of Prime Minister and Cabinet and the Department of Finance and Administration.

Senator Hill—I think that government should accept the consequences of decisions of government but I then expect—

Senator FAULKNER—But what happens to the bull in the china shop supporters?

Senator Hill—I then expect the Public Service to implement the decisions of the government of the day and if you are advocating—and it sounds as if you are—that, if public servants think the government's political judgment is unwise, then they should move in a different direction and be rewarded for it, I respectfully suggest that would be a very dangerous guidance for even you, Senator Faulkner, to give to the public sector.

Senator FAULKNER—What we are doing, Senator Hill, is demonstrating what a complete fiasco performance pay for secretaries is proving to be when you have a senior minister in the government, the Minister for Finance and Administration, saying, 'Take the performance bonuses off secretaries and departmental and agency heads who were concerned about what has turned out to be a debacle,' yet having no worries at all about the performance bonuses for the only two secretaries who signed up.

Senator Hill—I think that when your government introduced performance bonuses, I was one who actually had significant reservations that I expressed in estimates committees, so perhaps I should get some reward for that.

Senator FAULKNER—When are we going to publish the criteria for performance pay? When your government joins with the opposition's call to publish the criteria, we will—

Senator Hill—I have always thought performance bonuses for public servants is a difficult concept.

Senator ROBERT RAY—That is precisely why Mr Fahey should butt out of it. I am not in much disagreement with the views that you have just put forward in the last three or four minutes but Mr Fahey should butt out of it.

Senator Hill—What it boils down to is not Mr Fahey saying any more than what I have just said. If you are going to have a performance reward then it has got to be on the basis of the policy of the government, not on the basis of some other policy that the public servant thinks is in the better interests of the community.

Senator ROBERT RAY—I hope he is better at shifting to Hume than he is at shifting blame. This is an issue that we are going to have to follow through twice today in your presence, Senator Hill. Where are we up to in shifting resources out of PM&C to the Department of Reconciliation and Aboriginal and Torres Strait Islander Affairs?

Mr Henderson—Where are we at?

Senator ROBERT RAY—Yes.

Mr Henderson—We have reached an understanding. For starters, the new department, for the foreseeable future, will remain physically located in the PM&C departmental offices.

Senator ROBERT RAY—I will just stop you there, then. Who will be secretary of that department?

Mr Henderson—Mr Bill Farmer.

Senator ROBERT RAY—Who is located elsewhere.

Mr Henderson—Who is located elsewhere.

Senator ROBERT RAY—Okay. Can you tell us any more?

Mr Henderson—We have reached understandings as to the funding allocation. It is a combination of cash resources being transferred to the new department, plus a lot of in-kind support arising from the fact that they are physically in our building.

Senator ROBERT RAY—So the secretary of it is going to be Secretary of the Department of Immigration and Multicultural Affairs, shorthanding that.

Mr Henderson—Yes.

Senator ROBERT RAY—But they are going to be located in your building. Who is providing them with their corporate services or is that part of the transfer of resources?

Mr Henderson—There is no simple answer to that. For example, for the present time they will be relying on IT support from the Advantra company.

Senator FAULKNER—What about the transfer of workplace agreements, certified agreements and the like? How does that work? I imagine it is quite complex.

Mr Henderson—They would continue under the existing PM&C certified agreement until such time as they negotiate a separate one.

Senator ROBERT RAY—It is a curious arrangement.

Mr Henderson—I do not think it is a curious arrangement.

Senator ROBERT RAY—Minister, even though Mr Ruddock is minister for both immigration and this new department, I cannot understand why, in locating it where it is—and with so much commonality of history with PM&C—you would not have the PM&C secretary doing this rather than someone who is another building, with the only commonality seeming to be a minister.

Senator Hill—That is the element of commonality that registered with me as well. I think that is probably the case.

Mr Henderson—You need a secretary who reports directly to, and is responsible to, the minister.

Senator ROBERT RAY—I would not like to be a secretary where everyone was in another building and basically being nurtured by another department, but we will see how that sorts out.

Mr Henderson—Until recently, Senator Hill's portfolio had people scattered all around the town.

Senator ROBERT RAY—The defence rests!

Mr Henderson—Now that they are in the John Gorton building it is different.

Senator ROBERT RAY—That proves my point.

Mr Henderson—The physical location is not a unique issue here.

Senator ROBERT RAY—It is not solely the physical location. I am asking for a simple answer even though I know this is a complex question: how do you calculate the transfer of resources fairly? We have had examples where, for instance, the Office of Multicultural Affairs went over to Immigration and was not transferred at 100 per cent resources. In fact, in the history of this government the only 100 per cent transfers of resources have tended to be when Treasury has absorbed things. Most of the others have been discounted down a bit when they have moved. Is this going at 100 per cent resources? I know it is a complex formula that you will be looking at.

Mr Henderson—In recent weeks Mr Peter Vaughan, other staff and I have spent a long time negotiating a fair funding arrangement.

Senator FAULKNER—Can I ask Senator Ray's very eloquent question more crudely: how much have you skimmed off for PM&C in the transfer?

Mr Henderson—We have not skimmed off anything.

Senator FAULKNER—That should please everyone. What about Mr Vaughan? We had that position created under section 67 of the Constitution, as I recall—it is ancient history now. You would recall that issue, wouldn't you, Mr Henderson?

Mr Henderson—It is ancient history and it is basically irrelevant now.

Senator FAULKNER—Why is it irrelevant now? This was the creation of the head of the OIP as a statutory officer of the Commonwealth, wasn't it? Is my recollection correct; it was OIP?

Mr Henderson—It is not relevant to the new arrangements. We have a secretary who is also the secretary to DIMA, and Mr Peter Vaughan.

Senator FAULKNER—Yes, but what has happened to the position that was established under section 67? Has that just lapsed?

Mr Henderson—I am not sure that it was ever established; it was certainly never filled.

Senator FAULKNER—It was established, wasn't it?

Senator Hill—They are all done differently now, aren't they?

Senator FAULKNER—I thought it was technically established, but you are telling me it was not.

Ms Belcher—No. My understanding is that section 67 positions under the Constitution are really nothing more than the appointment of a person under section 67. There is not an office created.

Senator FAULKNER—I thought it was created but not filled. But you are telling me that it was not created.

Ms Belcher—That is my understanding, Senator.

Senator FAULKNER—Really? I am surprised to hear that. Mr Henderson, given the arrangements you have indicated about the Secretary to the Department of Immigration and Multicultural Affairs, are there any plans as to whether that will be a long-term or a short-term arrangement?

Mr Henderson—Nobody ever says, when there is a change to the administrative arrangement orders, whether something is going to be long term or short term. It is the arrangements that are applied from the day that they were set in place.

Senator FAULKNER—I appreciate that, but I am just wondering if there had been any consideration given to whether there might be in the future a separate secretary or whatever.

Mr Henderson—I am not aware of any consideration being given to that issue.

Senator FAULKNER—There was a consultancy in relation to the establishment of this department. I found in the *Gazette* contract identification 608755—consultancy services to assist in establishing a Department of Reconciliation and Aboriginal and Torres Strait Islander Affairs. I just wondered what that was all about, because I thought the government division would normally do this sort of thing.

Mr Henderson—It would be best to direct that question to Mr Vaughan later today.

Senator ROBERT RAY—Is it a contract let when he was a member of PM&C?

Senator FAULKNER—No, the agency is the Department of the Prime Minister and Cabinet.

Mr Henderson—Clearly, there is a transitional period.

Senator FAULKNER—This is about assisting in establishing; it is before its establishment. Hence, it seems perfectly reasonable to ask you about it here, I would have thought, Mr Henderson.

Mr Henderson—As to the number you read out, I am not sure precisely what contract that is. But Mr Vaughan has employed some additional staff—consultants—to establish the department, and certainly at least one of those persons had accounting expertise. For example, as with the establishment of the Department of Tourism, we are creating a stand-alone department here, so they need a little more accounting firepower than they did as simply a

division of the Department of the Prime Minister and Cabinet. So it is possible that that contract there related to the financial adviser consultant that he employed.

Senator FAULKNER—It is possible?

Mr Henderson—We can confirm, or Mr Vaughan can confirm, later in the day—

Senator FAULKNER—Okay. But this was a PM&C contract under OIP, and the contract date was 17 January 2001. So I think there is no doubt that it was a contract let by PM&C, prior to the establishment of the new department. Anyway, if you cannot help us, we will chase it up with Mr Vaughan, but I do hope Mr Vaughan does not say to us, ‘You should have asked those questions of Prime Minister and Cabinet.’

Mr Henderson—As you would appreciate, on the one day they are established as a separate department, you cannot create everything overnight to establish a new department. They are basically supported wholly by our agency on day one, and they still will be for a number of services, but come the 2001-02 budget, I would imagine that their portfolio budget statement will have a retrospective element in respect of this year to—

Senator FAULKNER—But day one is 30 January, isn’t it? I think it is, anyway. That is my recollection; I am going from memory here. Senator Hill passed this across the table to me in the chamber.

Mr Henderson—Yes.

Senator FAULKNER—This contract was let on 17 January; the contract date is 17 January, two weeks prior to the establishment of the department?

Mr Henderson—Let’s take that on notice. We will check it.

Senator FAULKNER—But the government division itself, wouldn’t it, Ms Belcher, would be very involved in the establishment of a new department? It is core business, effectively, for your division, isn’t it?

Ms Belcher—Certainly. We looked after the recommendations, the instrument and the actual establishment, so this consultancy was obviously not related to that issue of the actual establishment. It was to do, presumably, with the administrative arrangements that go to managing the finances, as Mr Henderson said.

Senator ROBERT RAY—As Ms Belcher is at the table, I will ask a question I have raised on one or two occasions before. The ability of government, via a cabinet decision, to indemnify an Executive Council member in legal proceedings in the course of their duties: does that only apply to members of the Executive Council as a general policy?

Ms Belcher—Yes, I believe so: ministers and parliamentary secretaries.

Senator ROBERT RAY—Would that date from the day they are sworn in, or can it be retrospective?

Ms Belcher—I would have thought it was from the time they were sworn in—from the time they were part of the executive government.

Senator ROBERT RAY—The reason I ask, Minister, is that this is a sensitive area in defamation cases. Your newest minister, therefore—I take it from that—would not be indemnified for his comments in relation to Mr Swan, because they were made before he was a member of the Executive Council. Is that your view?

Senator Hill—I can answer by saying I have always understood the indemnity to relate to one's actions as a minister and, I presume, as a parliamentary secretary.

Senator ROBERT RAY—Okay. While we are on Mr Brough, he was cleared by the Federal Police—and I never had any doubt that he would be—but has anyone in government gone to the second, and more important, issue where a staff member of Mr Brough's claims that she informed Mr Brough of potential offences and that he did nothing about it? Where is the investigation of that particular issue—not related to whether he knew about electoral roll fraud, which clearly he did not or had no part in instigating? Who has investigated that particular allegation before he became a minister?

Senator Hill—Beyond the legal issues, the type and level of investigation to satisfy the Prime Minister as to the good character of a prospective minister is in the hands of the Prime Minister. I assume that the Prime Minister accepted what Mr Brough said to him.

Senator ROBERT RAY—Would it be a standard procedure or recommendation to ministers, where an illegality has been brought to their attention, that they would automatically refer it to the police or advise the person who has brought it to their attention to refer it to the police?

Senator Hill—Where an illegality—

Senator ROBERT RAY—Yes. Say someone bowls up to your office and says, 'I have got evidence of illegal activity.'

Senator Hill—You would have to make a judgment as to whether there was any. I do not know that you would just automatically send to the police any accusation of illegal activity. You would have to make some sort of value judgment as to whether you believe it is an allegation that should be treated seriously.

Senator ROBERT RAY—I think you have the secondary defence. I agree with you: I do not think you have to send every allegation off, but you should at least advise the person that if they believe illegality was occurring—even if you are not convinced of it—they should take it up with the police. I think that is the secondary defence you always have. Anyway, in the case of Mr Brough, it looks like we will never know who is telling the truth, his staff or him—other than by using your own judgment.

Senator Hill—Obviously, the Prime Minister accepts the good character of Mr Brough, or else he would not have accepted him as one of his ministers.

Senator ROBERT RAY—Sure.

Senator FAULKNER—At what stage in the process of the tabling of an Auditor-General's report is the Department of the Prime Minister and Cabinet or the office of the Prime Minister brought into the loop? Or is it brought into the loop?

Senator Hill—Can you generalise?

Senator FAULKNER—Any ANAO report. I am just trying to understand the internal processes about whether you would ordinarily—

Senator Hill—Presumably not relating to a PM&C matter?

Senator FAULKNER—That is right. Let us say it is another agency or department.

Senator ROBERT RAY—There is no reward for guessing which one he has in mind.

Ms Belcher—There is no automatic provision, to the Prime Minister or the department, of information about Auditor-General's reports.

Senator FAULKNER—There is no automatic provision; I think I understand that. Are they generally provided?

Ms Belcher—No, I could not say they are generally provided.

Senator FAULKNER—Are some of them provided?

Ms Belcher—It is quite likely that in the past some might have been provided. As you would know, the Auditor-General has to agree to draft reports being handed over. I really cannot say whether there have been cases in the past where that agreement has been sought and obtained. It is possible that that has happened. I just do not know of those cases.

Senator FAULKNER—It is a case by case situation; is that fair?

Ms Belcher—That is right.

Senator FAULKNER—We would have to go through each and every Auditor-General's report to establish a pattern. So let us cut to the chase and go to the roads funding inquiry report.

Ms Belcher—My understanding is that that draft report was not provided to the Department of the Prime Minister and Cabinet or to the Prime Minister.

Senator FAULKNER—Has that been checked?

Ms Belcher—Yes, I can confirm that the draft was not provided.

Senator FAULKNER—What about any formal or informal advice from the department of transport itself to the Department of the Prime Minister and Cabinet about the matters canvassed in the Auditor-General's report?

Dr Watt—The department was advised at the desk officer level, on 31 January, of the existence of the performance audit. That was the first time we became aware of that performance audit. That advice came in the context of a proposed meeting between Treasury, Transport, Finance and us.

Senator FAULKNER—Did the proposed meeting take place?

Dr Watt—I believe the meeting took place. The officer who was advised was in the event unable to attend and advised the convening department, which I think was Finance, of that 20 minutes before the meeting.

Senator FAULKNER—Do I read correctly into your evidence that the Department of the Prime Minister and Cabinet was unrepresented at the meeting?

Dr Watt—That is correct.

Senator FAULKNER—But given that the officer advised that they were not able to attend, we could at least receive from you the date of that meeting.

Dr Watt—The meeting was held, I believe, on 2 February.

Senator FAULKNER—And that could have involved PM&C, but you were unrepresented—it was the departments of finance, transport and Treasury, I think you said?

Dr Watt—That is correct.

Senator FAULKNER—Your desk officer was informed of this on 31 January and there was a meeting on 2 February that PM&C did not attend. What happened between 31 January and 2 February? How do you pass this up the line?

Dr Watt—The issue was not advised to senior management at PM&C.

Senator FAULKNER—So when did you become aware?

Dr Watt—I became aware of it when I saw the *Sydney Morning Herald* on the morning of the 9th. And that is the case with PM&C senior management.

Senator ROBERT RAY—We know you did not get the draft report. When did you get the actual report in PM&C from other departments? It probably wasn't even there on the 9th, was it?

Dr Watt—I got mine out of the government bookshop.

Senator ROBERT RAY—Just after reading the *Sydney Morning Herald*.

Dr Watt—As I understand the process, and I think Ms Belcher has summed it up, the Auditor-General deals bilaterally with departments that are involved, as a key part of the report. I think the Auditor-General deals only with departments that are directly involved in the report. So no other department would normally expect to see a draft.

Senator ROBERT RAY—If there were some very adverse findings or problems, is there anything to stop a department, having received that draft, informing others, 'We are in dispute and there are problems coming up'? Can they do that? I think they can, but I'm not sure.

Ms Belcher—No, I do not think there is anything to stop that—with careful use of material that might be confidential or touch on other parties.

Dr Watt—I think there is nothing to stop an interdepartmental consultation process, but I emphasise small 'i' and small 'd'.

Senator FAULKNER—Having heard what you have said about the department of transport and its interface with Prime Minister and Cabinet commencing—and almost ending, it sounds to me—on 31 January, are you aware of any interface with the Prime Minister's office as opposed to the department?

Dr Watt—Senator, I can only speak for the Department of the Prime Minister and Cabinet. We did not brief the Prime Minister or his office on this issue. I can say it is my understanding that the Prime Minister's office was not consulted, and you would have seen from the Prime Minister's transcripts on the morning of—

Senator FAULKNER—That disastrous interview on 3AW, yes.

Dr Watt—He had not been advised.

Senator ROBERT RAY—Could I ask this question, Mr Henderson, because I think we can then dismiss the international division at some stage. Have we got a firm date for CHOGM? If so, could I have it?

Mr Henderson—It is 6-9 October. Can we also dismiss Dr Watt?

Senator ROBERT RAY—No, not yet. Do not dismiss anyone yet. I thought I had read somewhere—maybe this newspaper has referred to it—about CHOGM in November. So I just wanted to confirm.

Mr Henderson—It is from the 6th to the 9th.

Senator ROBERT RAY—From that we can usually speculate on two or three election dates, you see. My colleagues here also want to know; we all want to know. I am not sure we have got any more on International Division, but seeing we are making such fabulous progress, don't fret about it.

Senator FAULKNER—Was the Department of the Prime Minister and Cabinet involved in the government response to the House of Representatives committee report called, I think, *Planning not patching*? I think it was tabled in April last year, from memory. It went also to this roads funding inquiry. Do you know, Mr Henderson, if there was any involvement of the department?

Mr Henderson—No, I am not aware.

Dr Watt—In response to your question, the Department of the Prime Minister and Cabinet was involved to the extent of a normal cabinet process, no more. That is my understanding.

Senator Hill—I presume in terms of the coordination of responses and the development of the whole-of-government response.

Senator FAULKNER—So the department was well aware of the issue that was contained in the report that was the subject of the 3AW interview—

Dr Watt—No. *Planning not patching* did not touch on that particular issue.

Senator FAULKNER—Didn't it?

Dr Watt—No. It touched on the broader issue of hypothecation. I think the government is on record as announcing in response to *Planning not patching* that it proposed to remove at some future date the hypothecation provisions, but it did not touch on the things that were the subject of the Auditor-General's report.

Senator FAULKNER—Is there an IDC on this issue now, or has there been?

Dr Watt—There has been some work done by a number of departments.

Senator Hill—But when you say 'on this issue', this is subsequent to the Auditor-General's report.

Senator FAULKNER—I think Dr Watt is referring to subsequent to the Auditor-General's report.

Senator Hill—Well, we are ducking back to April of last year.

Senator FAULKNER—That is just the nature of these hearings, as you know. You move around the targets before you home in.

Senator Hill—I am just seeking clarification. In responding to the particular issue that the Auditor-General has raised, what are the departmental processes? Are you involved in those?

Dr Watt—PM&C is involved in those departmental processes.

Senator Hill—There has been further legal advice taken and the like?

Dr Watt—That is right.

Senator FAULKNER—You are asking the questions now, are you, Senator Hill?

Senator Hill—I am trying to help you.

Senator ROBERT RAY—You are being very helpful.

Senator FAULKNER—You are. Do you mind if I ask Dr Watt a question? Have you finished with your questions? I didn't want to interrupt your flow.

Senator Hill—I was just trying to make it clear.

Senator FAULKNER—Thank you. Can you let us know of PM&C's involvement in the IDC and other activities?

Dr Watt—We have been responsible for helping prepare advice for ministers.

Senator FAULKNER—But there is an IDC?

Dr Watt—‘IDC’ would be putting it far too formally.

Senator FAULKNER—So there is not an IDC?

Dr Watt—It is a group of departments working on an issue.

Senator FAULKNER—A group of departments? What other departments are working with PM&C on this? Who is the coordinating department?

Dr Watt—I do not think there is one assigned role to coordinate departments.

Senator FAULKNER—Really? There is no lead department?

Senator Hill—It sounds like a more informal relationship, Senator.

Senator FAULKNER—It is hard to get to the bottom of it, isn’t it, Senator Hill?

Senator Hill—That is because it is an informal relationship.

Senator ROBERT RAY—The question is: which departments are meeting informally?

Dr Watt—The departments involved are PM&C, DTRS, finance and Treasury, with advice from the Australian Government Solicitor.

Senator ROBERT RAY—That last part worries me.

Senator FAULKNER—When did this new process which we are talking about—which is not a formal IDC, but an informal departmental consultative process—kick off?

Dr Watt—There have been a number of discussions since Friday of last week.

Senator FAULKNER—I bet there have. And you cannot tell me what the lead department is?

Dr Watt—I do not think it is, again, as formal as that. No-one is formally in the chair. We have certainly been involved in helping pull some things together.

Senator FAULKNER—So who is chairing it?

Dr Watt—PM&C has certainly been involved in helping pull some things together, but the department of transport has also done quite a lot of work.

Senator FAULKNER—But who is chairing the informal discussions?

Dr Watt—I do not think we have ever had a formal chair.

Senator FAULKNER—I see. Whose idea was it to get this group of friends together?

Senator Hill—I do not think he said they were friends.

Senator FAULKNER—I am just assuming that is the case, Senator Hill. They might start off as friends. I do not know whether they will finish that way.

Senator ROBERT RAY—We are not talking about the Department of the PM&C and finance.

Senator FAULKNER—It is terribly informal and friendly; that is the impression I got.

Dr Watt—We have very good relationships with all those departments.

Senator ROBERT RAY—Stick around until the next estimates hearing.

Senator FAULKNER—But whose idea was it to get this group of people together?

Dr Watt—I think it came out of developments on Friday morning. I do not know whose specific idea it was. A meeting was certainly called by PM&C, and representatives attended in the PM&C building.

Senator FAULKNER—Right. So it was called by PM&C and held in the PM&C building. This is at the departmental level only?

Dr Watt—Yes, although there has been office participation in various forms, in meetings.

Senator FAULKNER—And who does this informal group report to?

Dr Watt—We would each report to our ministers and to cabinet.

Senator FAULKNER—I see. We will look forward to hearing more about it as time moves on.

Senator ROBERT RAY—Could I go back to the Auditor-General's reports. I am not sure each department approaches these things in the same way. In your experience, Dr Watt, if there is an Auditor-General's report that affects PM&C you would receive the draft report, would you not?

Dr Watt—The department or departments if there was more than one substantially affected.

Senator ROBERT RAY—I think it would be rare that there would be one directly into PM&C. Your department would then make comments back to the Auditor-General both in writing and by way of negotiation, as I understand it?

Dr Watt—My handling of these things has been rare. My understanding is the Auditor-General allows a process on a draft report of comments from a department, I assume both in writing and by way of meetings across a table, and that process goes on for a period.

Senator ROBERT RAY—Where you very strongly disagree you can even request, can't you, that the Auditor-General include your own comments within his report?

Mr Henderson—That is at the final stage. But the initial document that you see is called a discussion paper.

Senator ROBERT RAY—At that point, when the discussion paper comes in and has adverse comment or there is a problem there, the normal process would be for you to advise your minister that there are problems there and you are negotiating around them, wouldn't it?

Mr Henderson—It depends entirely on the nature of the audit. We are often included in audits, such as this recent one on financial matters, which might be multidepartmental. I doubt if we provided advice to the Prime Minister on the processes leading to the preparation of that report.

Senator ROBERT RAY—You are not a line department; you are a bad department to ask on this because you do not get many audits—you are not running those sorts of programs. But my experience has always been that if there is a problem in an Auditor-General's report the minister is told.

Senator Hill—This was a bit different in that it was the Auditor responding critically to a process that had been longstanding and that obviously the line department had regarded as legitimate. It had crossed governments. There was no suggestion that any particular minister had sought in any way to take advantage of it. It was complicated by a number of changes in the law during this period. It just seemed that, provided that the amount to be spent on roads exceeded the amount—the four point whatever per cent—then these declarations were not

necessary. It may well be that the alarm therefore did not go off in the way one would sense in retrospect it should have gone off.

Senator ROBERT RAY—I think if it was you or me, we both would rather have known in advance. If you do not know in advance it is very hard to put the counterargument, and once you have not put the counterargument it runs like a firestorm; it is very hard to pull back in.

Senator Hill—That is true.

Senator ROBERT RAY—At the last estimates I asked for an updated version of the chief executive's instructions relating to official hospitality, and I think you very kindly provided me with pages 81 to 84. It was not what I was asking for, but that may have been my fault in the way that I asked for it. I had received at least a summary sheet of the guidelines applying in the Department of Health and Aged Care, and I was wondering about the commonality. Therefore, I wonder about the guidelines in PM&C. Again, this may not be the best department to ask because the Prime Minister is in a separate category, but other ministers also sometimes work in there. So that is what I was looking for, and I do not know even if they exist. Senator Herron worked in there at one point—a very abstemious person in terms of the use of public resources, I might say. But suppose I were Minister Herron working in the department of the Prime Minister and I believed that I should take eight representatives out for lunch. I am looking for the guidelines that apply there. I think the ones provided to me—and they are very good guidelines, I might add—are for officials: they are very explicit, they are detailed, they are appropriate. But that is what I am looking for. So could you again have a look whether you have any of those guidelines and provide them to me, on notice?

Ms Belcher—Yes, I understand what you mean.

Senator ROBERT RAY—I am campaigning—be it for a Labor or Liberal-National Party government—for there to be at some stage common guidelines for every department and every minister. That is a protection device that I think is necessary in an area that is currently vulnerable. While I am on that subject, could I ask: is it the practice of Prime Minister and Cabinet to pay for any club memberships and professional fees for ministers within their ambit, including the Prime Minister?

Mr Henderson—We will check on that. I am not aware of us doing so, but I will confirm that we have not.

Senator ROBERT RAY—Thank you. Senator Hill, I raise the question that I said I would come back to: the nature and dates of hospitality declared to the Prime Minister. We went through all the Olympic declarations in the Senate. Senator Alston, for instance, attended on nine occasions, Senator Faulkner attended twice and I attended once, I think, although ours was not corporate. Virtually every declaration had the date of the event and the nature of the event. Yours did not; Senator Vanstone's did not. You simply had who provided it—and people have absolutely no idea. Do you provide a more detailed declaration that you give to the Prime Minister than you give to the Senate?

Senator Hill—I do not think so, no.

Senator ROBERT RAY—Do you want to have a think about your declaration to the Senate and whether it should be more detailed? Without answering now, do you want to take that on board: that, looking at everyone else's, they have put the date and the nature of the event, and you have not?

Senator Hill—Yes. I must say that I think I read something in a newspaper where someone had said that some were more explicit on detail than others.

Senator ROBERT RAY—Senator Forshaw also did not but subsequently went back and did—admittedly, hints were given to him by other people. It does not occur to them to do so. But if the date is not down, people do not know whether it is within the 30 days or the 28 days. Even though the corporations reveal the nature or extent of the events, it is just a relevant thing so that people can be absolutely sure there is no conflict of interest. I will just leave that with you to have a look at.

Senator Hill—I think the judgment that the public have to make is whether there is a conflict in taking hospitality from AMP, for example, or not. I can see your point, that the quantum could be relevant if it were extreme—

Senator ROBERT RAY—There is no way you will be able to overtake our friend Senator Alston. Not only did he go to nine corporate functions; the official one is pretty high too. But we are not condemning that at all. As I think we said in the chamber—Mr Abbott totally misinterpreted it—it is appropriate for ministers to accept those invitations.

Senator Hill—Yes, but I do not think I would have responded to the Prime Minister with any greater detail than I did to the Senate.

Senator FAULKNER—Ms Belcher would probably be best to answer this. We appreciate the background of an incoming minister's or Prime Minister's brief. These would be prepared as a matter of course. We understand the circumstances that surround that. In relation to a department like the Department of the Prime Minister and Cabinet, would there be any preparation for an incoming secretary's brief?

Ms Belcher—I think that, if there were to be a new secretary, the department would provide a folder of general briefing, yes.

Senator FAULKNER—So that is done as a matter of course in PM&C?

Ms Belcher—Yes, I can certainly recall one occasion, so I would think that it would be a standard thing to do, yes.

Mr Henderson—When Mr Moore-Wilton was appointed, he was actually in the building for at least a week—it may have been a couple of weeks—prior to formally becoming the secretary of the department. I know successively divisions and senior staff met with Mr Moore-Wilton and explained a bit of background as to their functions and the hot topics of the month—that sort of thing. In that way, he was briefed. But Dr Keating was still formally in the chair at that point.

Senator FAULKNER—That sounds like a sensible arrangement to have those sorts of face-to-face briefings and so forth. I just wondered whether there was also a written brief prepared, and I think Ms Belcher said there is.

Ms Belcher—That is right.

Senator FAULKNER—Who takes the initiative to determine whether you actually prepare a written incoming secretary's brief?

Ms Belcher—I am really talking from what I think would be sensible practice rather than having been closely involved, but I think government division would talk to the other members of the executive, the executive coordinators, and determine that a brief was a good idea and we would then seek contributions from throughout the department.

Senator FAULKNER—So it would be an initiative taken by government division?

Ms Belcher—Yes, in conjunction with the executive of the department.

Senator FAULKNER—Has that initiative been undertaken of late?

Ms Belcher—I have not set anything in train to prepare a brief, no.

Senator FAULKNER—Minister, you would have seen the press coverage of the meeting between Mr Howard and the so-called Bennelong group. That is a group, if you like, of large pharmaceutical firms that are based in Mr Howard's electorate, hence it is called the Bennelong group—or that is my understanding. There has been quite a lot of press reportage of a meeting taking place in Mr Howard's electorate office in Gladesville last November, where he met pharmaceutical manufacturers. My only question from the department's perspective is whether there was any departmental involvement in terms of briefing, attendance or in any other way for preparation or outcomes from that meeting.

Mr Webster—My recollection in regard to that meeting is that a brief was prepared in the department for the meeting but that there was no other participation that I am aware of of the department in regard to that meeting. There was not, for example, a note taker from the department, to my knowledge, present.

Senator FAULKNER—So that is done in your section, is it? What part of the department is responsible for that?

Mr Henderson—Social policy division, Mr Webster's branch. But it would be a pretty standard responsibility of the department to prepare briefs for the Prime Minister when he has meetings with people.

Senator FAULKNER—It would depend on their nature, wouldn't it—whether it was a constituency issue or whether it was in relation to Mr Howard's prime ministerial responsibilities? I think you would probably quickly make the point to me that sometimes it is hard to draw a distinction between the two, and I would accept that that is the case. Can you tell us the background of this particular brief being generated, Mr Webster?

Mr Webster—My recollection of it, as Mr Henderson said, is that it was regarded as a very standard request that came down—I am pretty sure—through our briefing area in the department. As I recollect, it was a standard request for a standard meeting brief between the Prime Minister and people relevant to the work done in my branch. In this case we cover pharmaceutical matters.

Senator FAULKNER—So the request for a brief is generated within the department?

Mr Webster—No; if the original request came down from briefing—and my recollection is that that one did—then it would have been a request that came across from the Prime Minister's office.

Senator FAULKNER—Having such a request from the Prime Minister's office for the meeting between Mr Howard and the Bennelong Group, do you engage or consult with other departments—in this case the department of health, obviously, which has responsibility for policy direction in this particular area?

Mr Webster—That would certainly be the normal way we would go with something like that. In some cases we might not need to do that; we might be sufficiently across issues ourselves not to need that. But normally for something like this we would seek advice.

Senator FAULKNER—Did you in this case?

Mr Webster—I cannot recollect that for certain, but I would imagine that we would have.

Senator FAULKNER—Would there be someone that could help us on that?

Mr Henderson—We can check whether Mr Webster's staff did consult on this particular issue.

Senator FAULKNER—With the department of health and the office of the minister for health.

Mr Webster—I would be reasonably confident but I cannot say unequivocally.

Senator FAULKNER—I appreciate that.

Senator Hill—You would like to know whether PM&C consulted the department of health in the preparation of a brief for the Prime Minister?

Senator FAULKNER—I would like to know that, Senator Hill, and that is helpful. I would also like to know whether there had been an involvement with the office of the minister for health, Dr Wooldridge.

Senator Hill—Whether PM&C had direct involvement with them?

Senator FAULKNER—In the preparation of the brief, yes. In the case of this particular brief from the Department of the Prime Minister and Cabinet for Mr Howard's meeting with the Bennelong Group, I would like to know everyone the Department of the Prime Minister and Cabinet consulted in the preparation of the brief.

Mr Henderson—We have undertaken to check on that. Mr Webster and I have been referring to what are pretty standard sorts of arrangements, but let me say it would not be common practice for departmental officials to be approaching other minister's offices to assist them in preparing a brief of this sort. The norm would be to go to other departmental officials.

Senator FAULKNER—I am just making sure that Senator Hill's very clever, but limited, interpretation of my question is not the interpretation you have. I would like to know everyone the Department of the Prime Minister and Cabinet consulted in the preparation of this particular brief; that is all.

Senator Hill—We will be as helpful as we reasonably can.

Senator FAULKNER—That is what I was worried about, Senator Hill; that is why I thought we would just get it clear. Could I ask now about the department's involvement in the question of contracts for secretaries of other departments and agencies. You may direct me elsewhere to ask these questions, but this is pretty brief. I just want to be clear on one thing—you might be able to help me, Ms Belcher; I hope you can. Do secretaries actually sign a formal contract now?

Ms Belcher—No, Senator, they are appointed for a term, but there is no contract.

Senator FAULKNER—Let me explain the reason I asked this. The new Public Service Act provides for appointment for periods up to five years, specified in the instrument of appointment. I just was not sure what the instrument of appointment was here. Could you explain that to me?

Ms Belcher—It is an instrument under the Public Service Act 1999 signed by the Prime Minister.

Senator FAULKNER—All right. Are those instruments of appointment public or gazetted? I cannot recall seeing one, but that may be because I have not looked close enough or hard enough.

Ms Belcher—I do not believe they are required to be gazetted. Do you mind if I check on that? I am not certain, but I do not believe they are gazetted.

Senator FAULKNER—I am just interested in the general form of it—this is why I am asking the question—what the instrument is like.

Ms Belcher—Basically it refers to the section of the act and appoints the person.

Senator FAULKNER—Could they be made public?

Ms Belcher—I will check on that.

Senator FAULKNER—So there is no contract. There is an instrument of appointment. Can you say whether all the current secretaries are on five-year contracts or not?

Ms Belcher—No, they are not, Senator. There is quite a variation.

Senator FAULKNER—Is it possible to get a list of department and agency heads, with an indication of length of contract and when terms of office expire? I do not think this is secret information, but I have never seen it organised in a very accessible way.

Ms Belcher—I cannot see a problem with that, Senator.

Senator FAULKNER—What about the process of renewal of contract? Is there any work being done in establishing procedures, assessments, consultations and the like, of contracts to be renewed?

Ms Belcher—As you know, there are the annual assessments now. Under the act, the Secretary to the Department of the Prime Minister and Cabinet is required to consult the portfolio minister before making a report to the Prime Minister. So if it were to be a reappointment or a new term appointment, or if it were to be a totally new appointment, the secretary of Prime Minister and Cabinet would talk to the relevant minister before putting a report to the Prime Minister.

Senator FAULKNER—I understand that. I have understood that process for some time, but are there any other processes that need to be gone through that are recorded anywhere or elsewhere? Or is this reasonably flexible, given the circumstances?

Ms Belcher—I do not know. I think it would be up to the secretary of the department—

Senator FAULKNER—But does the secretary of the department have any guidance here to fall back on? I suppose that is my question—apart from, if you like, precedent and experience.

Ms Belcher—There are no formal rules on what he must do. I would have thought that, to some extent, he would be doing what the Prime Minister was looking for in a particular report. He would provide the Prime Minister with whatever information was needed. But I cannot point to any rules—either statutory or less formal—that apply.

Senator FAULKNER—Are the contracts affected by changes to administrative arrangements?

Ms Belcher—If the department does not change and just functions within the department change, there would be no automatic change to the term of appointment.

Senator FAULKNER—What if a new department is created or if departments are changed?

Ms Belcher—If a new department is created, there has to be a whole new appointment process.

Senator FAULKNER—So contracts may be renegotiated with significant changes to secretaries' responsibilities?

Ms Belcher—Yes; again, we get back to that word ‘contract’. It is just a simple appointment.

Senator FAULKNER—‘Appointment’: yes.

Ms Belcher—If you are talking about a situation where there might be major changes in administrative arrangements, if the secretaries still stay head of a department named in the same way, then there might be no action at all. Or, if for some reason the Prime Minister wished to make a new appointment, again the appointment process would commence.

Senator FAULKNER—Okay. I will have a look at the material that you might be able to provide for us and see what else arises out of it. Thanks, Ms Belcher. I appreciate that. A quick question on the VIP fleet: has there been any movement since we last met about the so-called little luxuries for the possible VIP jets—the special beds, spas and these sorts of things? Has there been any development there?

Mr Henderson—We can confirm that there are no luxuries. I think we tried to make that point clear at the last hearings.

Senator FAULKNER—You said that, but it all comes down to the definition of ‘luxury’, I suppose. But I am not arguing with you. What is luxurious to some may not be luxurious to others.

Mr Henderson—All the upgrades relate to work responsibilities—improved communications in-flight, and things like that.

Senator FAULKNER—What sort of things are they? Telephones and the like?

Mr Henderson—Mr Potts can help you, Senator.

Mr Potts—The main differences between the old and the new fleets relate, as Mr Henderson commented, to work facilities in-flight—particularly to improved electronics, with the installation of a satellite phone capability in each aircraft, new extra power outlets for use of laptops and things like that, and the inclusion of the usual sorts of office facilities: a fax, and so on. There will also be a central meeting area in the two Boeing aircraft, so they will be better configured in terms of efficient working space.

Senator FAULKNER—Has that been finalised now, Mr Potts?

Mr Potts—The finalisation is really a matter for the Department of Defence—

Senator FAULKNER—As far as the PM&C engagement with Defence is concerned on this?

Mr Potts—We are more the facilitator: I think that is probably the best way to describe our role between PMO, the Prime Minister's Office—

Senator FAULKNER—I thought you would say that.

Senator Hill—We said that we are here to help.

Mr Potts—But I think the process is largely finalised now.

Senator FAULKNER—I bet anything you like, Mr Henderson, that you have in front of you one or two sheets that explain all this in detail, and I wondered if you could provide that to the committee.

Mr Henderson—Explain what in detail?

Senator FAULKNER—The fit-out.

Mr Henderson—Mr Potts has given you a perfectly adequate summary.

Senator FAULKNER—It is a summary; but I am not after a summary. I would like a more complete answer.

Senator Hill—What do you want to know?

Senator FAULKNER—I am asking Mr Henderson whether he has a document he would care to table that goes into this in some detail, to save us some time.

Mr Henderson—No, Senator: we are not in the habit of tabling our talking points. Come on!

Senator Hill—They are for talking.

Senator FAULKNER—I just wanted to save some time. What program does this come under?

Mr Henderson—Department of Defence, if you want the nitty-gritty of the communications facilities in the new VIP aircraft.

Senator FAULKNER—No. Good try, Mr Henderson! Which output group of PM&C does it come under?

Mr Henderson—International—sorry: output group 3.1.

Senator FAULKNER—We will deal with that a bit later then.

Senator Hill—What are you wanting to know that you have not got?

Senator FAULKNER—We will come back to it, Senator Hill. I wanted to see if we could move it along a bit. Senator Mason is getting hungry, and I want to make sure he gets a reasonable time for his lunch; so we will come back to that. I did read in the *Canberra Times* that Mr Howard—or possibly Mrs Howard; I am not sure—had received a gift of jewellery worth thousands of dollars to mark the visit to Brunei. What happened to those?

Mr Henderson—Those are declared in the normal way. Ms Yeend can put you in the picture in more detail.

Ms Yeend—The Prime Minister did receive a number of official gifts. Those relating to the report that you had that were over the permitted limit have been surrendered to the department.

Senator FAULKNER—You say it is over the official limit: that means they would have been valued, I suppose?

Ms Yeend—I understand that is the case, yes.

Senator FAULKNER—The *Canberra Times*—and this is neither here nor there—said that they were worth thousands of dollars. I think the Sultan of Brunei was very generous, in this case to the Australian government. I want to ask about Mr Cousins' contract. I asked the department question No. 54 on 22 November:

Was Geoffrey Cousins employed as a consultant from 6/1/2000 to 30/6/2000?

That question still awaits a reply—unless it is in your replies that came late on Friday evening, Mr Henderson. Fortunately, I did not have to wait for the department, because the *Sunday Telegraph* were able to fill me in with all the details.

Senator Hill—And?

Senator FAULKNER—I am waiting to get Mr Henderson's attention; he is being briefed.

Mr Henderson—I beg your pardon, Senator. I thought your question was related to Ms Belcher's responsibilities.

Senator FAULKNER—It may be. It is about Mr Cousins' contract. I was saying that I did not get an answer to my question on notice, but the *Sunday Telegraph* fortunately had an article this weekend on this very issue. Apparently, according to the *Sunday Telegraph*, Mr Cousins is still on contract. Would that be right?

Ms Belcher—Yes, that is right. He has a contract to 30 June 2001.

Senator FAULKNER—According to the *Sunday Telegraph*, he is being employed to 'rid Mr Costello of his smirk'. This is on page 42 of the *Sunday Telegraph* yesterday.

Senator Hill—I missed it.

Senator FAULKNER—See, I have nothing to do, because I am in opposition. I can afford to get to page 42 of the *Sunday Telegraph*, and I got there with some interest yesterday. I wondered why the *Sunday Telegraph*—this is a serious question, Mr Henderson—gets priority over a Senate estimates committee in terms of getting answers to questions. They know that Mr Cousins is employed, but we cannot get an answer to a serious question that I placed on notice.

Mr Henderson—This is an estimates question that you placed on notice?

Senator FAULKNER—Yes, budget supplementary estimates question 54. It is a pretty poor situation: you can read about these in the popular press, but we do not get the courtesy of an answer to the committee.

Mr Henderson—We will try and get that answer for you.

Senator FAULKNER—Is Mr Cousins employed to do some sort of image makeover for Mr Costello?

Ms Belcher—His role is in relation to the formulation of communication strategies.

Senator FAULKNER—In this article, headed 'Costello tries to lose that smirk', it is insinuated that Mr Cousins is working on Mr Costello's smirk and trying to get Mr Costello to portray a genuine smile. I wondered if we were paying someone \$45,000 a year to do that.

Senator Hill—We are obviously not.

Senator FAULKNER—So you can assure me that that is wrong?

Senator Hill—I can be confident in assuring you that it is wrong.

Senator FAULKNER—Whenever you use the word 'confident', Senator Hill, I know that you are guessing, that it is a big punt.

Senator Hill—But I reckon it is a good guess.

Senator FAULKNER—I know you have taken a big punt there. From what I have seen of Mr Costello lately, all I can say is that you had better pay Mr Cousins some more money—it is not working.

CHAIR—I think that is the end of general questions. We will resume after lunch with output 1. I should also note that Senator Faulkner has, and the committee has accepted, questions on notice relating to IT outsourcing.

Proceedings suspended from 12.55 p.m. to 2.04 p.m.

CHAIR—I call the committee to order. We will commence with questions relating to output 1. I should inform you, Mr Henderson, that the committee would like to look at output 1 first, and then we will move on to output 3 and output 4. We will then go back to output 2, particularly in relation to the Office of the Status of Women. It is likely that questions relating to outputs 1, 3 and 4 will take at least an hour.

Mr Henderson—Thank you, Mr Chairman. I will quickly provide some information following on from issues addressed earlier this morning. First of all, Senator Faulkner was asking about a contract for consultants issued by the Department of the Prime Minister and Cabinet. I said that I thought that that would be in relation to financial advisers and consultants associated with the establishment of a separate department. That is correct. They were engaged on 17 January. That was in advance of the formal establishment of that department but what was going to happen was public knowledge. I think the company involved was Acumen. The second point that I wanted to raise was that Senator Ray was asking questions in relation to ADF personnel and to Olympic security. I think I said to you that it came to the attention of a departmental officer on secondment to us from Defence ahead of the Olympics.

Senator ROBERT RAY—What a surprise!

Mr Henderson—Yes, you were right. It was in fact on the first Sunday of the Olympics. It was during the Olympics, not in advance.

Senator ROBERT RAY—Just on that first question, governments always refer to departments by acronyms. What is the new department?

Mr Henderson—DORATSIA.

Senator ROBERT RAY—I just wanted to get the acronym right. We had a bit of trouble with DOFA for a while and DOPIE and all the others. I like to get it right.

Senator FAULKNER—Just on economic policy, is there is an IDC on the BAS? If so, is PM&C part of it? This, I think, is in output group one.

Mr Henderson—Yes, that is correct, Senator.

Mr Murray—On the BAS, there have been some interdepartmental consultations and discussions but there have been no formal IDC arrangements as such.

Senator FAULKNER—How does the interdepartmental consultation process work?

Mr Murray—I am sorry, Senator?

Senator FAULKNER—How is PM&C engaged in the interdepartmental consultative process?

Mr Murray—It has really been departments exchanging views so that we can adequately advise our individual ministers. It has mainly been consultations between ourselves, the tax office and the Treasury.

Senator FAULKNER—But is any particular agency or department coordinating that?

Mr Murray—No, Senator.

Senator FAULKNER—It is pretty ad hoc, is it?

Mr Murray—It has been normal consultation processes that have gone on, Senator, in relation to a particular issue.

Senator FAULKNER—Apart from that process to advise the Prime Minister in the case of PM&C, is there any other activity with other departments or internally within PM&C on that BAS issue at all?

Mr Murray—Not that I am aware of, Senator.

Senator FAULKNER—But there have been claims, have there not, from the Prime Minister that there has been a thoughtful development of proper policy solutions on this issue over recent times? I am sure I have seen that propaganda out and about, haven't I, Senator Hill?

Senator Hill—Sorry?

Senator FAULKNER—You did not hear that?

Senator Hill—You dropped my name at the end of your statement. Did you want to ask me something?

Senator FAULKNER—It was actually at the end of a question that I dropped your name. But if you did not hear it—

Senator Hill—You were talking to somebody else but then decided at the last moment to redirect it.

Senator FAULKNER—I will take that as a no.

Senator Hill—Take it as neither.

Senator FAULKNER—I will take it as a no, if your answer is a no.

Senator Hill—That is how you like.

Senator FAULKNER—What about a similar situation with petrol policy advice?

Mr Murray—Again, in normal processes, we have had some discussions with the Treasury. It is just a matter of informing ourselves so that we can give deep, thoughtful analysis to the issue in advising the Prime Minister.

Senator FAULKNER—How many hours have been spent on providing this deep, thoughtful analysis?

Mr Murray—I would not like to guess, but probably—

Senator ROBERT RAY—Not as long as it takes to fill out a BAS.

Mr Murray—Probably much longer than it takes to fill out a BAS, I would have thought.

Senator FAULKNER—Could you hazard a guess?

Mr Murray—I would not know.

Senator FAULKNER—What sort of staff resources are involved with these two issues—BAS and petrol?

Mr Murray—We do not have a lot of resources to start with. We run a fairly lean machine, if you like, and cover a whole lot of issues—a lot of them all at the same time. We have devoted what I would say are pretty reasonable resources to two important issues.

Senator FAULKNER—I am struggling to understand what this might mean. Could you quantify this for us?

Senator Hill—For what? They do not clock themselves. They do not run entire units.

Senator FAULKNER—The sorts of resources in personnel and time that have been put into it. But if you can help, Senator Hill, fine—that would be appreciated.

Senator Hill—No, I am just suggesting that your questions are unreasonable.

Senator FAULKNER—Why is it unreasonable to ask the Economic Policy Branch of PM&C what sort of resources are going to this issue?

Senator Hill—Because they did not keep account of the number of hours. I heard the answer; you heard the answer. Did you clock your time?

Mr Murray—No.

Senator Hill—Did you keep account of how many officials?

Senator FAULKNER—I heard the answer, too: more time than it would take to fill out a BAS.

Senator Hill—That was a response to Senator Ray's helpful interjection.

Senator FAULKNER—That could be 100 hours or 200 hours. That could be 1,000 staff hours for all I know.

Senator Hill—The answer is, as I heard it, that they have not kept account of the hours.

Senator FAULKNER—How many staff in PM&C, if any, are dedicated to BAS and petrol?

Mr Murray—I would not say that they are completely dedicated. That particular area, the Taxation and Superannuation Policy Branch, has five or six people and two or three of those would have been involved from time to time on BAS and not the same two or three involved in petrol.

Senator FAULKNER—Who do they report to with the outcome of their involvement?

Mr Murray—They report directly to me.

Senator FAULKNER—What do you do once you get the benefit of the wisdom of these officers of the department?

Mr Murray—It is not just a matter of reporting directly to me; I have been involved as well in the work going on. It has been a team effort. Advice has been given after further consultations.

Senator FAULKNER—But are you generating briefs to the Prime Minister and things like that?

Mr Murray—Yes, of course.

Senator FAULKNER—How many briefs to the Prime Minister would you have generated on the BAS?

Mr Murray—I cannot recall.

Senator FAULKNER—Do you recall how many briefs on petrol policy advice or petrol price advice you would have generated to the Prime Minister?

Mr Murray—Petrol has been an issue for quite a while. We are keeping regularly updated on petrol issues. It would be impossible. I would have to sort through the files to answer that sort of—

Senator FAULKNER—Would you mind doing that for me?

Mr Murray—I could do that.

Senator FAULKNER—I would like to know how many briefs on BAS and petrol have been passed to the Prime Minister this year. I do not want to make it too onerous for you—just this calendar year.

Senator Hill—Are we talking about a dedicated brief on BAS, not a tax implementation brief that makes reference to—

Senator FAULKNER—I will leave it to the good sense of Mr Murray to be able to interpret the spirit of the question that I have asked.

Senator Hill—I think it would be quite a challenge to interpret the spirit of that question.

Senator FAULKNER—It may be beyond your ken, Senator Hill, but I have every confidence that Mr Murray will be able to cope with the request.

Senator Hill—He will cope with the request, but I am not sure how helpful the answer will be.

Senator FAULKNER—Let us be the judge of that, Senator Hill.

Senator Hill—I think it will be difficult for you to be the judge of that.

Senator ROBERT RAY—It is a big task, but we are up to it. I have a couple of final questions, though not many, on the role of PM&C in the Olympics. Is Mr Cook joining us?

Mr Henderson—No, Dr Horne and Mr Perry will assist us on the Olympics.

Senator ROBERT RAY—Firstly, I think you informed us, in an answer to a question on notice, that there is a review of the effectiveness or operation of the Olympic media unit.

Dr Horne—Yes. At the last hearing, I think Grahame Cook said to you that there was a review in progress at the time on the role and the effectiveness of the media unit. That review is near finalisation and will be made public when it is completed.

Senator ROBERT RAY—I knew this one would be made public. What is the cost of that review? Is it just the internal resources of the department?

Mr Perry—It is just internal resources.

Senator ROBERT RAY—You often cost those, though, don't you?

Dr Horne—The sports function has moved to my division with the winding up of the task force at the end of the last calendar year, so I am just picking up the pieces at the moment.

Senator ROBERT RAY—Who made the decision to do this review?

Dr Horne—This is just a part of completing a process. When you are undertaking a major activity, at the end of that activity you go through and see how you have performed undertaking it.

Senator ROBERT RAY—I acknowledge that you have provided me with attendance by ministerial parliamentary secretaries and members of parliament attending the government boxes at the Olympics. Is it still the government's position that it will not release the names of other guests?

Dr Horne—I do not have information about who the other guests were here.

Mr Henderson—But we are looking into that question. That is one of the issues. You have a question outstanding on that, and it has not been resolved yet.

Senator ROBERT RAY—Yes. I asked Austrade whether they would release guest numbers. They pointed out to me that there were 16,000, so obviously I did not pursue that. But I asked whether they would release their VIP guest list. Were you there, Senator Hill? You may not have been.

Senator Hill—No, I do not think I was.

Senator ROBERT RAY—I do not know who was in the chair, but I am sure I was given the indication that that would be released. These boxes were supposed to entertain guests for government business, which I do not challenge, but I notice that on the opening night there were 10 ministers present. I would like to know how many other guests we were wining and dining that night, or was there solely ministerial representation on the opening night?

Dr Horne—I am not aware of the names of other people who were present, if there were others present.

Senator ROBERT RAY—How many did the boxes at the main stadium hold?

Dr Horne—I understand they hold 20.

Senator ROBERT RAY—I am not presuming this because I know in at least one case it does not apply, but if everyone was to take a partner or a guest, there would be no room for anyone else at the opening ceremony.

Dr Horne—That seems to be a fair assumption.

Senator Hill—The box was only one of the government facilities; there was also the department of trade and other specific seats that we have referred to on previous occasions. I think on two occasions it was decided that the box would in effect be open to government ministers per se, which was the opening night and the closing night—you can tell me if I am wrong, Mr Henderson—and on other occasions throughout the whole games I think a minister was only present if that minister was there in terms of inviting guests rather than being there.

Senator FAULKNER—Who made that decision about the opening and closing ceremonies? You said ‘it was decided’.

Senator Hill—That is my understanding, and I presume the decision was made with the authority of the Prime Minister.

Senator FAULKNER—I am asking who made the decision.

Senator Hill—I do not know. I do not know whether there was a brief generated, a minute returned or whatever.

Senator FAULKNER—I am not asking that. I am asking who decided—

Senator Hill—I think it was the decision that ministers would be invited on the opening night and the closing night but not for the rest of the games, unless they were there as hosts.

Senator FAULKNER—And that was the Prime Minister’s decision?

Senator Hill—Whether he made the decision himself, I am sure it was with his authority.

Senator FAULKNER—Is that right, Mr Henderson?

Mr Henderson—That is consistent with my understanding of the arrangement. The information we have already provided confirms what Senator Hill was saying—that for the closing ceremony, I think there were six ministers present, and for all other occasions, there was frequently only one minister or parliamentary secretary present. On a couple of occasions, there might have been more—I can see a few here.

Senator Hill—There would be the odd exception, but basically that was the approach to it.

Senator FAULKNER—I am pleased to see, Senator Hill, that your concern about not being present in the Commonwealth boxes for the Olympics turned out to be unwarranted.

Senator Hill—I beg your pardon.

Senator FAULKNER—You made it. You were concerned at a previous estimates hearing that you would not be there, but you made it. I was just delighted to see that you got a place in the sun.

Senator Hill—A small place, yes.

Senator FAULKNER—But nevertheless a place.

Senator Hill—I could not coincide with an Australian gold medal, I regret to say.

Senator ROBERT RAY—The policy for putting people in the boxes changed between the Olympics and the Paralympics, didn't it?

Mr Henderson—No.

Senator ROBERT RAY—You did not have a backbench member of parliament going to the Olympics but you did to the Paralympics.

Mr Perry—The general policy did not change but, as I think Grahame Cook indicated to you late last year, a number of things came into the Paralympics, such as additional sessions, that we had not anticipated. We needed to cover the ground at that point, so backbenchers were involved.

Senator ROBERT RAY—I think there were about eight, were there not?

Mr Perry—I think that is correct.

Senator ROBERT RAY—Were there any Democrat backbenchers invited to attend in the box?

Mr Perry—Not that I am aware of.

Senator ROBERT RAY—Were there any Labor Party backbenchers invited to attend in the box?

Mr Perry—Not that I am aware of.

Senator ROBERT RAY—Were there any National Party members invited to attend in the box?

Mr Perry—That would be specified in the list.

Senator ROBERT RAY—I could be very forensic and go through all of this, but I will not.

Senator FAULKNER—Was the Leader of the Opposition invited to attend?

Mr Perry—I do not have any knowledge of that.

Senator FAULKNER—Was the shadow minister for the Olympics invited to attend?

Senator ROBERT RAY—You had better draw the line somewhere.

Senator FAULKNER—Yes, I know. Do you have any knowledge of that?

Mr Perry—No. I was not involved directly in all of that.

Senator FAULKNER—I know he was not.

Senator Hill—The Leader of the Opposition got a gold pass.

Senator ROBERT RAY—He was offered one.

Senator Hill—Yes. He was offered one and he refused it.

Senator ROBERT RAY—Yes. That is his choice.

Senator Hill—I do not know. I have not done a forensic examination either.

Senator ROBERT RAY—Was the final cost for the Olympics media unit \$536,000? Have there been any additional bills come in?

Mr Perry—Yes, there have been a few additional bills.

Senator ROBERT RAY—Would you update us on that?

Dr Horne—As of last Friday, the figure was \$544,615.

Senator ROBERT RAY—You mentioned that the evaluation of the media unit would be a public document.

Dr Horne—Yes.

Mr Henderson—It is not just confined to the media unit. It is a review of the whole coordination activity that PM&C were involved with in relation to the Commonwealth's contribution to the Olympics. One of the most practical purposes of these is not just to review the outcomes. Clearly the Olympics is not a regular event, but we have made great use of our experience on the Olympics security front in our planning for the staging of CHOGM later this year. It is often just to draw lessons for people who are undertaking these sorts of tasks in the future.

Senator ROBERT RAY—I would have thought that, in the current possibilities climate, that would be a very wise review to do, given the fact that—I do not want to put the mockers on them—there is still a chance that Athens will fall over and we will be approached at the last minute, along with Seoul, to pick up the pieces. If you do your evaluation now and know your strengths and weaknesses, it might help.

[2.14 p.m.]

CHAIR—As there are no further questions on output 1, we will move to output 3, International policy advice and coordination.

Senator ROBERT RAY—I have one question on CHOGM. I noticed in the consultancies, on page 150 of the annual report, a selected consultancy for Project Coordination (Australia) Pty Ltd, at a cost of \$12,500. The report states:

Consultancy services relating to the design and construction costs for the proposed Canberra CHOGM venue

Do we know when that consultancy was let? Was it ever completed?

Mr Craft—I do not have the precise dates with me, but I would be glad to provide those to you. It was certainly completed. It was a consultancy undertaken to examine the viability of the National Convention Centre at the particular time when we were looking at Canberra as the venue for the CHOGM meeting.

Senator ROBERT RAY—But it was completed before the decision was made to switch across to Canberra.

Mr Craft—Yes, it was.

Senator ROBERT RAY—Have you got any estimate of how much money was spent, in total, when Canberra was the preferred venue? Were there any other expenses before the arbitrary switch was made to Brisbane?

Mr Craft—Not really, only in terms of staff time devoted to preparing, examining and assessing the potential sites for the venue and accommodation in Canberra. This was the only direct expenditure undertaken, certainly in terms of consultancies.

Senator ROBERT RAY—Have you considered or undertaken any other consultancies now in relation to Brisbane?

Mr Craft—There are a number of potential tenders which are in the pipeline. For example, negotiations are currently taking place with all the hotels, with the Brisbane Convention and Exhibition Centre as the venue, with the Hyatt Coolum for the retreat—

Senator ROBERT RAY—That has been decided, has it? The last time we were talking you were talking about some island.

Mr Craft—No. The Coolum resort has been identified as the retreat venue. A number of expressions of interest documents have been sent out on matters such as a professional conference organiser for registration, accreditation, design and fitout costs and facilities in the convention centre, sponsorship of motor vehicles and the like.

Senator FAULKNER—Are you going to supply Commonwealth heads of government with a special shirt?

Mr Craft—That is not in the current plan, no.

Senator FAULKNER—It sometimes happens.

Senator ROBERT RAY—What is going to happen to the dopey photo shoot?

Senator FAULKNER—So we are not going to have one of those.

Mr Craft—They have not been a feature of CHOGM meetings to date.

Senator FAULKNER—No, of course. APEC particularly has made an absolute science of it. I was just wondering.

Mr Craft—We have no plans currently for such attire.

Senator FAULKNER—That will come as a relief to everyone.

Senator ROBERT RAY—So in fact the retreat really meets that criterion we have discussed previously of not involving a very long journey, doesn't it?

Mr Craft—Yes, it does. It is within an hour or an hour and a quarter's drive—

Senator ROBERT RAY—It is about a 20-minute flight up to Maroochydore, I assume. Have you got exclusive use of the Coolum resort for that period?

Mr Craft—Yes, we have.

Senator ROBERT RAY—It would only be a day or two though, wouldn't it?

Mr Craft—It will be a little more than that. The retreat on this occasion is to be two nights rather than the traditional one, and we will be taking the total use of the resorts for three days altogether, I think. We are expecting the heads of government to be there for two.

Senator ROBERT RAY—So we will get more use out of this than out of the Brighton-le-Sands hotel. That is good. I've got nothing else on CHOGM.

Senator FAULKNER—I have nothing else on CHOGM.

Senator FAULKNER—Mr Potts, I read with interest a couple of newspaper clippings recently about the latest detail of the arrangements for the fit out of the VIP fleet. What engagement have you had with the Department of Defence on this and what are the current understandings in relation to the fit out?

Mr Potts—As I mentioned this morning, the role of the department has been one of facilitator, so it has been more a question of ensuring that Defence and the Prime Minister's office keep in close touch.

Senator FAULKNER—PM&C have a lot of experience in this, obviously. The Prime Minister, as is only appropriate, uses the aircraft, and it seems to me utterly appropriate for PM&C to be making some suggestions about the utility of the fit out, surely. You say 'facilitator', but I am sure you have been able to make some recommendations to Defence, haven't you?

Mr Potts—Certainly. In fact the comments Mr Henderson made this morning I think are very appropriate in that connection. The department has been at pains to ensure that the fit out would be appropriate to providing a supportive working environment for the Prime Minister and his officials when they travel. That has been, if you like, a guiding principle. A second one has been one of avoiding suggestions of extravagance or inappropriate furnishings. Those principles have helped to inform the approach of not just the Department of the Prime Minister and Cabinet but also the Department of Defence.

Senator FAULKNER—So it is a non-extravagant outcome, is it?

Mr Potts—Yes.

Senator FAULKNER—Good. What is the non-extravagant outcome?

Mr Potts—As we mentioned this morning, first of all, there is a focus on improving the working environment, so better communications facilities—

Senator FAULKNER—Let's go through them. What are they?

Mr Potts—As I understand it, the inclusion of a satellite phone capability in each aircraft; extra power outlets to enable the use of laptops at most seats; and the inclusion in the aircraft of office equipment, such as facsimiles and, I presume, photocopiers and the like. The two Boeing aircraft will each have a central meeting area—

Senator FAULKNER—Before we go off communications, what about video and television?

Mr Potts—I have no information on that. The exact details are being handled by the Department of Defence. They have much more precise information—

Senator FAULKNER—So you know about the satellite phones but not about whether there is a video and television?

Mr Potts—That is correct; that is the extent of my knowledge.

Senator FAULKNER—Okay. So we have better communications; what else have we got?

Mr Potts—A central meeting area in the two Boeing aircraft will include a main table seating four and a separate table seating two. The Boeing aircraft will include a shower in the VIP bathroom but no bath or spa. The four VIP seats in each aircraft will be equivalent to first-class seats; the remaining seats in the aircraft will be equivalent to business class seats. So the aircraft do not have double beds, spas or luxurious fittings, as the media may have suggested.

Senator FAULKNER—I talked to Air Vice Marshal Conroy about fabrics and fit out and so forth. Have all those sorts of issues been decided, or are they entirely a matter for Defence?

Mr Potts—They are essentially a matter for the Department of Defence.

Senator FAULKNER—I see.

Senator ROBERT RAY—When will the two Boeings be on line and ready to roll?

Mr Potts—It will be next year—probably about the middle of the year.

Senator ROBERT RAY—So we are looking at about June or July 2002?

Mr Potts—My information is May or June.

Senator ROBERT RAY—It is anticipated that these will then be used by the Prime Minister for going overseas, without all the complications that the 707s have in terms of noise, and so on?

Mr Potts—Yes.

Senator ROBERT RAY—I do not go to Defence estimates, but you may know this: what is the range? Have you worked that out? Is it the same range?

Mr Potts—I cannot tell you that.

Senator ROBERT RAY—All right. One of my colleagues will probably follow it up.

Senator FAULKNER—I read in a newspaper that there were gold plated taps, for example. Is that right?

Mr Potts—That is incorrect.

Senator CONROY—What plating is on the taps?

Mr Potts—I do not know, but I am told that it is not gold.

Senator ROBERT RAY—Do you think it would be a good idea, Minister, when they come on stream, to invite a representative section of the fourth estate to fully inspect the planes and go for a little trip around Lake George and surrounding areas with a bit of bonhomie and hospitality, just show everyone what is on them?

Senator Hill—I think we would still read that they were gold plated!

Senator ROBERT RAY—You do not think that would change the view?

Senator Hill—I do not think that will change. I do not think that would be allowed to spoil a good story.

Senator CONROY—They would not be getting into the PM's bedroom. There is a bed: they are not going to let them in there.

Senator FAULKNER—No, but the fourth estate spends a bit of time on these planes anyway, travelling with the Prime Minister—which is appropriate.

Senator Hill—Business class seats in the future, too.

Senator FAULKNER—Not necessarily where they are sitting.

Senator ROBERT RAY—Yes, that is the evidence.

Senator Hill—That is what was said.

Senator FAULKNER—What? All the seats are business class?

Senator Hill—Yes, it seems so.

Senator ROBERT RAY—Nothing is too good for the politicians—

Senator FAULKNER—All the remaining seats?

Senator ROBERT RAY—or their friends.

Senator FAULKNER—What about the suede lined walls?

Mr Potts—I think you have reached the extent of my detailed knowledge on this, Senator.

Senator Hill—You need to speak to a military man now.

Senator CONROY—Hopefully not the extent of your taste!

Senator FAULKNER—What about the parquet dining tables?

Mr Potts—I have no further information. I am not aware that there is a specific provision for dining tables as such.

Senator FAULKNER—We can find out at a later stage; I just thought you might know, given the report in the newspaper in early January about these issues. We can check that out. How did you engage the Prime Minister's office in this—a sensible thing to do, I might add, given that they are users of the thing? Did you try and draw on the experience of recent years, in terms of the utility of the aircraft, et cetera?

Mr Potts—It was before my time in Prime Minister and Cabinet, unfortunately, but I presume that it was done essentially by direct contact between appropriate advisers in the office and officers in my division.

Senator FAULKNER—How did you get Prime Minister and Cabinet's requirements across to Defence and work this out in a mutually agreeable way? What was the process?

Mr Potts—By direct contact.

Senator FAULKNER—Just on the telephone? Or was there a flow of emails and correspondence and views on paper et cetera?

Mr Potts—I cannot add to my answer, because I do not know.

Senator FAULKNER—Do you know, Mr Henderson?

Mr Henderson—No, I am not aware of the details.

Senator FAULKNER—It would not be by osmosis, I assume.

Mr Henderson—No, it certainly would not. You have raised a number of questions about the process in relation to roads, BAS. We spend a lot of our life consulting other departments—that is the essence of our business: preparing advice for the Prime Minister—and we would have been consulting the Department of Defence and we may have been inspecting these aircraft. I have not got the detailed processes. As Mr Potts mentioned, he has only just come on board.

Senator FAULKNER—I understand what you spend a lot of your life doing, but I am merely saying that you would not want something to go astray: you would not want velvet lined walls and end up with suede lined walls, would you? That is the point. How did you get this across? Did Defence come over? You did not have gold plated taps, but you might have ended up with platinum plated taps, for all I know. I am not suggesting that that has happened, but I just wonder how this all gets done. Don't you think that is a reasonable question to ask?

Mr Henderson—It is a reasonable question to ask. Mr Potts has indicated that direct consultations and discussions, canvassing—

Senator FAULKNER—And I am just asking of what nature.

Mr Henderson—I cannot help you.

Senator FAULKNER—Could someone find out, perhaps?

Mr Henderson—Yes, we can.

Senator FAULKNER—I am not going to worry any more today about the VIP aircraft.

[2.45 p.m.]

CHAIR—We are all relieved, Senator Faulkner. As there are no further questions on output 3, we will now move to output 4, 'Support services for government operations'.

Senator ROBERT RAY—I have a question for the Government Communications Unit. Mr Williams could probably help us. Mr Williams, the reference on page 63 of PM&C's annual report talks about papers from departments not meeting the seven-day rule and that waivers had to be obtained. How many waivers were obtained in 1999-2000 for failure to meet the seven-day rule?

Mr Williams—I cannot really answer that. I do not have statistics on that.

Senator ROBERT RAY—You do not know?

Mr Williams—No.

Senator ROBERT RAY—Does it happen that often?

Mr Williams—It happens at times for campaigns where there are short lead times. We ask departments to meet the seven-day rule. If they are not in a position to, we clear it with the committee that they will accept distribution of papers in less time than the seven-day rule.

Senator ROBERT RAY—Most of these campaigns are planned months in advance. Are departments just treating the ministerial committee and your unit with contempt, are they?

Mr Williams—No, generally the seven-day issue comes up where you are developing creative, and you need to have that creative researched before it is presented to the committee. Sometimes there will be a delay in the advertising agency developing the piece of creative or a delay with the research company undertaking the market research and you might slip a day or two, but the committee would want to see it on a particular day. In those circumstances, they give a waiver.

Senator ROBERT RAY—But the reason you have a seven-day rule is that people can make a mature judgment rather than—

Mr Williams—Certainly that is the intent, but sometimes it is not always possible to achieve that.

Senator FAULKNER—I noticed in the annual report quite an extensive special report on the official establishments program. I thought you would be keen, Mr Henderson, to explain

to the committee why we benefited from this special report, given that the Official Establishments Trust makes its own report to parliament.

Mr Henderson—I thought it would be a good idea to provide a bit more comprehensive information about the official establishments than the partial information that gets out via the tabloids and via some of my and my colleagues' responses in the Senate estimates. I also thought it would be a good idea to make the point that, in fact, the program has been managed in a very similar way for a very long time. The expenditure involved has been very steady for at least about 10 years. We have comparable data available.

Senator ROBERT RAY—Who wrote this?

Mr Henderson—The initial draft of it was prepared by an officer in the Government Division, but that was drawing on material that was mainly in Mr Oliver's and Mr Crane's areas—the official establishments area.

Senator ROBERT RAY—I was worried that it was in Mr Crane's area. I understand he spends all his time answering questions. I wondered where he could possibly have got the time to contribute to this.

Mr Henderson—You have hit on one of the reasons why the initial draft was prepared by an officer in another area.

Senator FAULKNER—Why doesn't the report actually outline—if it has this historical benefit that you mention—the cabinet endorsed regulations for the use of Kirribilli? That would have been useful to include.

Mr Henderson—The cabinet endorsed?

Senator FAULKNER—Yes.

Mr Henderson—The cabinet decision?

Senator FAULKNER—Regulations for the use of Kirribilli House.

Mr Henderson—There was a decision taken in 1956. I see you are referring to the material on page 70.

Senator FAULKNER—Yes, I am aware of that.

Mr Henderson—That was a straightforward decision. There is not an extensive rule book going beyond the fact that it would be available for use by the Prime Minister.

Senator FAULKNER—You see the historical value of all this, but no-one has ever followed these issues closely. I do not pretend to follow it closely, but I have a cursory interest in it. There has not been any mention of what cabinet or regulatory mechanism was agreed to which would allow Kirribilli to be used as Mr Howard's family home. We have all this history down here. I would like that piece of recent history. It seems to be a rather selective run over the target.

Mr Henderson—Why is it selective?

Senator FAULKNER—All these crucial pieces of information do not appear. We start back in 1923, which is very interesting, but I mentioned a couple of things that do not get a mention. Actually, I am sorry, we start in 1854; I apologise.

CHAIR—Senator Brandis has just reminded me, Senator Faulkner, that it does not mention the Kirribilli agreement either.

Senator FAULKNER—No. It is funny you should mention that. It does say that Mr Hawke used Kirribilli in summer months, doesn't it, Mr Henderson?

Mr Henderson—It says:

... the Hon RJ Hawke used Kirribilli House during the summer months.

Senator FAULKNER—Did he use it in the spring, autumn and winter months as well?

Senator Hill—It would seem less so.

Senator ROBERT RAY—He did not even use it all the summer, either. I think it was only January when he used it.

Senator Hill—There have been differing practices over the years, haven't there?

Senator FAULKNER—Which summer months?

Mr Henderson—Well, we have three.

Senator FAULKNER—Yes.

Senator ROBERT RAY—Take one out of three and you will be right: 'month', not 'months'.

Senator FAULKNER—The feeling that you get from reading this is that it is rather defensive. I think that is as fair as I can be; I do try to be fair, as you know.

Senator ROBERT RAY—That is a compliment to you, Senator Faulkner, that we have a special report in response to your project.

Senator FAULKNER—It is rather defensive.

Senator Hill—We will call it the 'Faulkner Addendum'.

Senator ROBERT RAY—I think so. How many more special reports are we going to get in the annual report? On sinecures for Pru Goward—are you going to have a special report on that?

Mr Henderson—No, but perhaps we will have one on the fit-out of the Boeing VIP.

Senator ROBERT RAY—I look forward to it; that will be a bestseller. Although with Defence involved, I know it will be a very modest fit-out, seeing as they have to pay, and they should not have to.

Senator FAULKNER—There is something that did surprise me in this report. On page 73, according to the Australian Valuation Office, as of 30 June 2000 the depreciated replacement cost of the Kirribilli House buildings is \$1.82 million. I was a bit surprised at that. That is the cost of the buildings. Is there a cost of the property as a whole, what this thing would fetch on the open market? I am not suggesting, by the way, that we place it on the open market.

Mr Henderson—We do not have with us the separate valuation of the land.

Senator FAULKNER—You do not have it?

Mr Henderson—No.

Senator FAULKNER—If I could take you to page 76, I notice that the Lodge and Kirribilli are lumped in together. Would it be possible to get that table disaggregated for the Lodge and Kirribilli House? That should not be too hard to do, should it?

Mr Henderson—We probably can. In fact, lots of it we have already made available to you.

Senator ROBERT RAY—The table is in constant dollars, isn't it?

Mr Henderson—Yes.

Senator ROBERT RAY—This is a proper concept of comparison, isn't it?

Mr Henderson—Yes.

Senator ROBERT RAY—I might add that that is not often used by politicians. But I think you are setting a good example because I always believe in comparing things in constant dollars. I hope the practice spreads.

Mr Henderson—Thank you, Senator.

Senator FAULKNER—The Lodge is still the official home of the Prime Minister, isn't it, or has there been a change that I have missed out on?

Mr Henderson—Both residences are available for the use of the Prime Minister.

Senator FAULKNER—But is there an official home of the Prime Minister of Australia?

Mr Henderson—I am not familiar with that term, as such.

Senator FAULKNER—What status does the Lodge have? I describe the Lodge as the official residence of the Australian Prime Minister, and Kirribilli House as 'party central'. That is how I tend to describe the residences. Is the Lodge still the official residence of the Prime Minister of Australia?

Mr Henderson—It is one of the official establishments that is available for the use of the Prime Minister and their family.

Senator FAULKNER—So there is not 'an official residence' or 'the official residence'. Is that right?

Mr Crane—No. Both residences are referred to as the official residences of the Prime Minister.

Senator FAULKNER—Since when?

Mr Crane—I do not have that information. That has always been my understanding of the case. Neither of the houses is particularly designated as the principal residence, in my experience.

Senator ROBERT RAY—When was the last time Kirribilli was used for an official guest other than the Prime Minister? I am not asking for the exact date.

Mr Henderson—It was during the period of Prime Minister Keating's term in office.

Senator ROBERT RAY—Would I be right in saying—and this is going off memory—that quite a few overseas guests express the preference for staying in a city hotel rather than staying at Kirribilli, given the new hotel developments up around The Rocks and all that sort of area? I just have some sort of memory that several guests from overseas have said that they would prefer to stay in a hotel rather than Kirribilli.

Mr Henderson—I think you have mentioned that point to us before. Clearly, as they usually travel with a large entourage and they want close proximity to their colleagues and staff, then obviously they are much better off in a hotel.

Senator ROBERT RAY—Any closer to that?

Mr Crane—That is my understanding as well—that because of the size of —

Senator ROBERT RAY—No, this is getting back to the last time an official guest stayed at Kirribilli.

Mr Crane—I do not have that information with me at the table, but we can certainly provide it.

Senator ROBERT RAY—I would appreciate it if you could provide me just a rough description of the guest—something like ‘the president of X stayed there then’, without going into any more details.

Senator FAULKNER—In the Official Establishments Trust annual report, on the last page there is an appropriation for expenditure, maintenance and capital works, et cetera, for the Prime Minister’s official residences. Would it be possible to get that table disaggregated as well as the previous one I mentioned? You are probably right to say, Mr Henderson, most of that work has been done.

Mr Henderson—We can take that on notice.

Senator FAULKNER—I gather none of this \$422,000 capital works program was spent—is that right? That is how I read the table, but I might be missing something there.

Mr Crane—No, that is correct.

Senator FAULKNER—Why is that the case?

Mr Crane—The works that were undertaken at the residences during 1999-2000 were not considered to be capital works.

Senator FAULKNER—Are the renovations run through the maintenance and conservation part?

Mr Crane—Maintenance and conservation is correct.

Senator FAULKNER—They are not capital works?

Mr Crane—No; they are within that figure for maintenance and conservation.

Senator FAULKNER—Is the \$600,000 or so that is spent included in the aggregate of \$1.45 million in the Department of the Prime Minister and Cabinet annual report?

Mr Crane—That is correct. The \$1.45 billion is the total program expenditure.

Senator FAULKNER—In relation to the wine consultant at Kirribilli House, Mr Bourne, does he actually buy the wine himself?

Mr Crane—No; he recommends the wine and we purchase the wine directly.

Senator FAULKNER—It is bought by Official Establishments on his recommendation or advice?

Mr Crane—That is correct.

Senator ROBERT RAY—To confirm the evidence from last time, the wine consultant now has no interest in selling wine anywhere, does he? I am pretty certain that was evidence given last time.

Mr Crane—That is correct. We purchase the wine directly from the wineries.

Senator Hill—That was not the question.

Mr Henderson—No; that is correct. He is not a wine producer.

Senator ROBERT RAY—Producer or retailer?

Mr Henderson—No.

Senator ROBERT RAY—Have you done necessary company searches to satisfy yourself of that, or do you just take it off the declaration?

Mr Crane—My recollection is that that issue was covered off in the tender evaluation process.

Senator FAULKNER—We heard at the last estimates round about the wine in storage in Canberra. Is that still the case? Have we still got this storage facility in Canberra?

Mr Crane—That is correct.

Senator FAULKNER—How much wine have you got in storage in Canberra?

Mr Crane—We currently have 17½ dozen bottles of wine stored at the cellar.

Senator FAULKNER—What is the cost of the storage on an annual basis?

Mr Crane—The cost of storage is \$1.60 per case per month.

Senator FAULKNER—Do you want me to multiply that out?

Mr Crane—It varies depending on how much stock we have on hand at any given time.

Senator FAULKNER—Why is it stored in Canberra?

Mr Crane—The majority of the wine is used in Canberra, so it makes sense to store it here in the first place.

Senator FAULKNER—Is some of it used in Sydney?

Mr Crane—Yes, it is.

Senator FAULKNER—How do you courier that down to Sydney?

Mr Crane—I think it has happened with commercial transport. That is my understanding of it.

Senator FAULKNER—What is the cost of that?

Mr Crane—I do not have that figure here.

Senator FAULKNER—Who fronts up with the bill for that—the official establishment?

Mr Crane—Yes.

Senator FAULKNER—How many transshipments are there a year?

Mr Crane—I do not have that information either. We would need to go back through our records to ascertain that.

Senator FAULKNER—Who decides when you need a shipment of wine? When the cellars at ‘party central’ are running low, who decides they had better get on to the mob in Canberra and get another few dozen sent?

Mr Crane—Discussions take place between the manager at the house and my people within the official establishments unit.

Senator FAULKNER—So you cannot tell me this happens once a week or once a fortnight?

Mr Crane—No, I cannot. It would be on an irregular basis, depending on what the requirements were at the house.

Senator FAULKNER—It must be a drain on the budget, though, to have all this wine shipped from Canberra to Sydney.

Mr Crane—No. In fact, in the longer term we will achieve savings in this operation.

Senator FAULKNER—They always say that. Is it transported by courier? Isn't it a good idea for it to be bought and stored in Sydney? Has any thought been given to that?

Mr Crane—There would be some additional costs there. If we split the storage, there would be additional transport costs from the wineries when we first purchased the orders. At the moment, we purchase them from the winery and they come to one central location where they are stored. We take them out of storage as required.

Senator FAULKNER—How long has this arrangement been in place?

Mr Crane—Mr Bourne was engaged in October 1999.

Senator FAULKNER—How many bottles of wine have been consumed since October 1999? You will be delighted, Mr Henderson, that I am not going into the vintages. I will leave those to Mrs Crosio.

Mr Crane—I do not actually have a figure on consumption.

Senator ROBERT RAY—You must have a rough figure. Let us put it up-front, Mr Crane.

Mr Crane—There were 58 dozen bottles of wine purchased, as recommended by Mr Bourne.

Senator ROBERT RAY—And there are 17 in storage.

Mr Crane—That is correct.

Senator ROBERT RAY—But we do not know how many are currently sitting at the Lodge or at Kirribilli?

Mr Crane—That is right; there would be some on hand at each of the official residences. I do not have the information at the moment.

Senator ROBERT RAY—My working assumption is that there would be a couple of dozen. So, working on that assumption, I would imagine that 33 dozen bottles of wine have been drunk. What are the total costs paid to the consultant so far?

Mr Crane—The total payment so far to Mr Bourne is \$9,760.

Senator ROBERT RAY—I am interested in how much per bottle it works out so far. We have been interested in how much it costs to store—that is pretty trivial—and how much it costs to send down to Sydney—that is nothing really dramatic. But, if there are 396 bottles of wine that have been drunk so far at a cost of \$9,700 for the consultants—

Mr Crane—Senator, that cost of \$9,760 is made up of an initial payment of \$8,000 which was for developing—

Senator ROBERT RAY—I understand that. But you still amortise this out: the cost of bottles so far but, to be fair, you know that will be a declining amount over time.

Mr Crane—That is correct. For the rest of the consultancy the ongoing cellar assessments are \$800, and there are three of those per year.

Senator ROBERT RAY—Let us get this clear: is it \$800 per go or \$800 per year?

Mr Crane—It is \$800 per cellar assessment, and there are three a year.

Senator ROBERT RAY—So that is \$2,400—even I can work that out. Basically, at a minimum, the consultant adds \$6 dollars a bottle to each bottle of wine that has been drunk so far. That is with all the favourable assumptions running.

Mr Crane—I will take your word on the figures, Senator, but the issue is that we are now buying premium quality wines at their release price as opposed to what we previously did, which was to buy the wines at the market price at the time. The wines we are purchasing now, which will be used in future years, will be much cheaper than under the old regime when we purchased them at market price when they were required for use.

Senator ROBERT RAY—This seems to be a complex system to cover, maybe, 400 bottles of wine consumed over a year and four months or something like that.

Senator Hill—The trouble is that if we had taken a glass from a mate or whatever that would only have led to criticism. The wine industry has been remarkably successful. This is a great opportunity to promote a successful industry and for the department to take some independent advice at a relatively modest price which, in the end, may well be more than covered by the fact that they are buying younger wines now rather than buying them at the time of drinking, which apparently was the process of the past. It would not seem to be unwarranted.

Senator ROBERT RAY—You could have got people from the wine board or elsewhere to provide this advice for absolutely nothing, Minister.

Senator Hill—I think we could have, but there are a lot of rivalries in this industry. There is regional rivalry, state rivalry and winery rivalry and there are thorough, in-depth examinations in estimates committees and the like, so I can understand why it was decided to take some independent advice at reasonably modest cost.

Senator ROBERT RAY—That calculation at \$6 a bottle is only on the basis of the inspection fee over a year. If we take the original consultancy cost and the fact that the bottle may be there a lot longer, it just goes up four, five or sixfold per bottle. It seems to me that it is not even at break-even point, although I accept Mr Crane's view that savings can be made by getting in on the ground floor, if you pick the right wines, of course—hopefully we are. There are plenty of experts around who have set things up, but we will take that on trust. But it is adding per bottle, or we could do it per case, if you like.

Mr Henderson—It certainly is but the issue is that we have got to compare it with the old system and you are saying that we have isolated the storage costs and the temperature controlled storage here in Canberra and asking why we did not send some to Sydney. We went into all of those issues. It was decided that—

Senator ROBERT RAY—You spent a lot of time on it. That is my complaint.

Mr Henderson—Yes, and it is directed at economising on the purchase of quality products.

Senator Hill—We could have just bought Coonawarra reds.

Mr Henderson—It is all directed at value for money.

Senator ROBERT RAY—It is hard for two Racobites here to understand the passion and the time of the bureaucracy in hiring consultants, putting it in here and organising the transport down for a few hundred bottles of wine. Forget it. It should be someone's job there to go ahead and do it and I do not think it would be more expensive. But anyway, I think I will draw stumps on that issue.

Senator FAULKNER—Are there any guidelines about when this taxpayer funded alcohol can be used?

Mr Henderson—Guidelines about what?

Senator FAULKNER—Guidelines about the use of the particular wines that we are talking about—the ones chosen by Mr Bourne and housed in Canberra and Sydney and trucked up when they are needed. Are there any particular guidelines about their use?

Mr Crane—No, Senator. They are used for official entertainment at both of the residences.

Senator FAULKNER—Yes, but it is for official entertainment?

Mr Crane—Yes.

Senator FAULKNER—That is a guideline, isn't it? Are there any similar arrangements in relation to tobacco?

Mr Crane—No, Senator. There are no arrangements at all in relation to tobacco.

Mr Henderson—Are you allowed to smoke in the official establishments?

Senator FAULKNER—That is a good question, Mr Henderson.

Mr Henderson—Probably not, Senator.

Senator FAULKNER—Is there a regulation about smoking at Kirribilli House, the Lodge and other official Commonwealth residences, such as Yarralumla, et cetera? I am glad you raise that, Mr Henderson. It is a most interesting question.

Mr Crane—I cannot answer that at the moment. I would have to check. I would almost guarantee that there is no smoking within the Lodge.

Senator FAULKNER—Anyway, there are no taxpayer funded cigars?

Mr Crane—Not that I am aware of, Senator.

Senator ROBERT RAY—Cabinet funding used to pay for those. I noticed that in one of the answers that came back about the Kirribilli pool there was an elegant description in there that it had been decided to leave it as a ruin. Who came up with that? I thought it was very good.

Mr Crane—That proposal was put forward by the Official Establishments Trust. I should explain that the trust has a number of architects involved and some of them have quite an extensive background in the preservation and conservation of historical sites, and after considering all the options it was agreed that preservation as a ruin was the most appropriate measure in this case.

Senator FAULKNER—What was that consultancy worth?

Mr Crane—The Official Establishments Trust provided that information.

Senator FAULKNER—I thought that you had a consultancy on the swimming pool—or the ruin—or did I misunderstand that?

Mr Crane—No, Senator. Initially, we had an engineering firm give us an indicative cost of full restoration of the swimming pool, which they did. I think I have provided evidence at previous estimates hearings on the cost of that, which I recall to be around \$5,000.

Senator ROBERT RAY—Cheaper than a wine consultant.

Mr Crane—The Official Establishments Trust then produced a report on the various options for the structure and, as I said before, decided that preservation as a ruin was the most appropriate.

Senator FAULKNER—Were there any costs involved in that latter assessment?

Mr Crane—In the assessment by the trust?

Senator FAULKNER—Yes.

Mr Crane—No, Senator.

Senator FAULKNER—So you get two swimming pool ruins for the price of one wine consultant and save \$1,600 on the way through. Are there any plans for using the \$422,000 of the capital works program expenditure at this stage? This is on page 14 of your annual report.

Mr Crane—Yes, Senator. Those figures are for 1999-2000 and during the current financial year there are no plans to do any capital works.

Senator FAULKNER—What about major works in the maintenance and conservation program?

Mr Crane—It depends on your interpretation of ‘major works’, but there have been some works undertaken at the houses during the financial year which would fit into that category of maintenance and conservation.

Senator FAULKNER—Are there any works either under way or planned that you have not previously reported to this committee?

Mr Crane—I do not think so. There are no works currently under way at either of the residences. The ongoing scheduled and obviously unscheduled maintenance as it arises is all that is planned for the remainder of this year.

Senator ROBERT RAY—With no major works and very few questions taken on notice, I suppose a bit of the pressure is coming off the unit now?

Mr Crane—There is always plenty for us to do, Senator.

Mr Henderson—But we are appreciative of this decline in demand.

Senator ROBERT RAY—Don’t fall in too early.

Senator FAULKNER—Have you worked out the cost per bottle of Mr Bourne?

Mr Crane—No, I have not.

Senator ROBERT RAY—I have, but I would not trust the figures.

Senator FAULKNER—What did you come down to?

Senator ROBERT RAY—For his inspection, it is \$6 a bottle for a year, but amortised out it is probably more like \$30 per bottle, maybe \$35, which is not a bad little earner if you can get it.

Senator FAULKNER—\$24.64 is my mathematics. One of us has to be right.

Senator ROBERT RAY—I will back you because I only did it roughly.

Mr Henderson—We do not accept that arithmetic.

Senator Hill—Over how many years?

Senator ROBERT RAY—It is bottles consumed that you have to work it out on at the moment. It will amortise out less as you go presumably, except you are going to have another round of buying.

Senator FAULKNER—Is it because there has been such a furious pace of building work at Kirribilli House and the Lodge over recent years that there appears to be nothing that we have not heard of previously being planned at the moment?

Senator ROBERT RAY—I suppose it is an election year.

Senator FAULKNER—I do not know. The staircases at Kirribilli have now been relocated, haven't they? That is finished?

Mr Crane—That is correct.

Senator FAULKNER—The extensive refurbishing of the Lodge dining and reception rooms has finished, hasn't it?

Mr Crane—That is finished, and it was only the dining room.

Senator FAULKNER—Were any consultancies applied to the dining room?

Mr Crane—Yes, there was.

Senator FAULKNER—Can you let me know what they were please?

Mr Crane—The cost of the interior design services was \$27,200.

Senator FAULKNER—And the actual building work?

Mr Crane—The works cost \$74,072.

Senator FAULKNER—Is that the total cost then—approximately a little over \$100,000—for that refurbishment?

Mr Crane—That is correct.

Senator FAULKNER—I notice there is a gazettal for \$17,206 worth of curtains for the Lodge. Is that for the dining room?

Mr Crane—That is correct.

Senator FAULKNER—Is that included in the figures you gave me?

Mr Crane—Yes, it is.

Senator ROBERT RAY—There were no offcuts left that we could use elsewhere?

Mr Crane—Not that I am aware of.

Senator FAULKNER—I read the gazettal for stage 2 of the upgrade of the airconditioning for the Lodge. That was \$132,492, wasn't it? So that is finished?

Mr Crane—For stage 2, the cost was considerably less than that; \$80,500 is my recollection for stage 2 of the airconditioning.

Senator FAULKNER—Yes, but the total for stage 1 and 2?

Mr Crane—It was double that. It was equally split, so it was \$161,000 for the total project.

Senator FAULKNER—So was it precisely double that?

Mr Crane—Yes.

Senator FAULKNER—So the airconditioning for the barely used Lodge was—what was the precise figure?

Mr Crane—\$161,000.

Mr Henderson—It is not barely used; it is—

Senator ROBERT RAY—If you are going to come in, come in earlier. It was outside your leg stump for half an hour!

Senator FAULKNER—What about the purchase of a commercial refrigerator at Kirribilli House? Was that a bargain at \$6,050?

Mr Crane—Yes, that was an appropriate purchase at that price.

Senator FAULKNER—Is this because the coolroom has been put on ice?

Mr Crane—It was decided not to proceed with the coolroom.

Senator FAULKNER—So someone went out and bought a whopping great fridge instead?

Mr Crane—It is a commercial grade refrigerator.

Senator FAULKNER—How big is it?

Mr Crane—It is over 1,000 litres. To put that in perspective, it would be approximately the size of 2½ domestic refrigerators.

Senator FAULKNER—It is a 1,000 litre fridge and it came about because of all the negative publicity about the coolroom at party central. So it is just a coolroom in disguise, isn't it? You just get a whopping great fridge with a 1,000 litre capacity, wack it in and say, 'We haven't got a coolroom; we've got an ginormous fridge.'

Mr Crane—It is nothing like a coolroom. To be honest, in commercial terms, it is not even a large refrigeration unit.

Senator ROBERT RAY—And it is 2½ times the average domestic fridge?

Mr Crane—Yes.

Senator ROBERT RAY—For a family of six.

Senator FAULKNER—How many litres is an ordinary old domestic fridge?

Mr Crane—I think they are about 400.

Senator FAULKNER—When did that get plonked in Kirribilli?

Mr Crane—I do not have a precise date for that.

Senator FAULKNER—You say it is 2½ times the size of a normal fridge. It is about six times the cost of a normal fridge, isn't it? It is a while since I bought a fridge, but I did buy one not so long ago. It is pretty expensive. It would have been cheaper to buy three normal fridges. Did anyone ever think of that? No, of course not.

Mr Crane—The commercial refrigerator has a number of additional capacities compared to a normal domestic fridge.

Senator FAULKNER—What are they?

Mr Crane—They recool much quicker. When there is preparation for functions at Kirribilli House and you are—

Senator FAULKNER—Parties.

Mr Crane—For official functions at Kirribilli House, if you are continually going to and from a domestic refrigerator, they are very inefficient. Those of us who have lots of little kids realise that, if a fridge is continually opened and shut, it does not cool efficiently. These commercial refrigerators have an additional capacity to recool very quickly after being opened. Therefore, there is less chance—

Senator FAULKNER—But if you had six of them, you could keep a few of them shut.

Mr Crane—When preparing for functions at the official residences, there is a lot of movement to and from the refrigerators.

Senator FAULKNER—I know—everyone is going to the grog cabinet.

Senator ROBERT RAY—How many other refrigerators are at Kirribilli? Does this do the whole thing?

Mr Crane—No, we are still using some of the old refrigerators.

Senator ROBERT RAY—When you say ‘some of’, you have got rid of some, have you?

Mr Crane—We got rid of two.

Senator ROBERT RAY—How many others are there now?

Mr Crane—There is another three.

Senator ROBERT RAY—And they would have been \$400 each a few years ago.

Mr Crane—I think a couple of them are of varying sizes.

Senator ROBERT RAY—We will use that as the average size. So, presumably, there is over 2,000 litres worth of capacity there now.

Mr Crane—It would be close to it. I cannot be absolutely sure.

Senator FAULKNER—But this really is a coolroom by sleight of hand, isn’t it?

Mr Crane—No, it is nothing like the size of a coolroom.

Senator ROBERT RAY—Was the decision to buy this commercial refrigerator made before or after the decision to scrap the coolroom?

Mr Crane—It was made in conjunction, to be honest.

Senator ROBERT RAY—So, in some ways, Senator Faulkner was not that far wrong when he said the two issues are related. You dispute that it is in substitution of, because they are different concepts.

Mr Crane—No, I am not disputing that. I am saying that we went to a commercial unit because it was decided not to proceed with the coolroom and the refrigeration capacity at Kirribilli House was inadequate, so we had to come up with some sort of solution.

Senator ROBERT RAY—Who released to the press the fact that the coolroom was off? Was there a press release on that, or has that emerged through answers to estimates?

Mr Crane—I do not know, Senator.

Senator FAULKNER—Did this commercial refrigerator require any building or installation work, considering it is so big?

Mr Crane—No.

Senator FAULKNER—It just got plonked down where the old ones were or whatever?

Mr Crane—I have not seen the unit, but I know that there was no building work required for the installation of it.

Senator FAULKNER—When was that in place? I just want to be assured that it was there in time to keep the champers cool for New Year's Eve.

Mr Crane—I think it was in place last calendar year.

Senator FAULKNER—That is a relief. Do you keep floor plans for Kirribilli House and The Lodge?

Mr Crane—Yes, Senator.

Senator FAULKNER—At some stage, if I can get interested, I might ask for floor plans—not at the moment—as at 1990 and as at 2000, but I will not worry about that at the moment. I will see how we go. I am aware that Mr Henderson is concerned about the number of questions on notice you have to answer, so I don't want to keep the work up to you too much. We might come back to that at a later stage. I do not have anything else on official establishments. I did want to ask about the sports medal. I think we are in the right output for the sports medal, aren't we?

Mr Henderson—Yes, you are.

Senator FAULKNER—As I understand it, the nominations for the sports medal were originally scheduled to close on 31 July 2000. I think that is right, isn't it?

Mr O'Neill—That was what we tried to use to persuade the nominators. The official date or the closing date to get them approved is 31 December 2000.

Senator FAULKNER—So during July, 5,000 awards were sent out by PM&C, but you forgot to include any explanatory information with the medals. Is that correct?

Mr O'Neill—That is not correct, Senator. Government House sent out a statement about the purpose of it. It was just a straight statement on letterhead.

Senator FAULKNER—The medals validation unit in the department got inundated with calls from people who had received this medal in the mail but did not know what it was for, who had nominated them, or anything about it. They were happy enough to get the medal but it was a bit of a bolt from the blue for them.

Mr O'Neill—Certainly the last part was that people were very pleased to get the medal. They were quite excited. The majority of nominations were made by the peak sports bodies. They did not always communicate with individuals. The first time that people did realise they had received it was when it arrived in the mail—which is consistent with similar awards, such as the National Medal.

Senator FAULKNER—I do not think that is right at all. Didn't you post out an information flier to 35,000 medal recipients at additional expense later on?

Mr O'Neill—No, that is not correct. The official secretary to the Governor-General wrote a letter, and the subsequent ones were perhaps a bit more fulsome about the medal.

Senator FAULKNER—Didn't Miss Kelly, the sports minister, claim that 30,000 sports medals would be handed out in the year 2000?

Mr O'Neill—No, that is not correct. The number available was 'up to 30,000'; that figure was used. Government House arranged for 20,000 medals to be produced, and that is about the figure that we have met.

Senator FAULKNER—But Miss Kelly used the number 30,000, didn't she?

Mr O'Neill—Up to 30,000 is the figure I have used and that others have used: up to 30,000, yes.

Senator FAULKNER—At the close of nominations, 12,000 nominations had been received?

Mr O'Neill—At the close of nominations, close on 20,000 nominations had been processed and awarded.

Senator FAULKNER—Were you aware that Miss Kelly's office sent out to MPs and senators lists of sports medal award winners and recipients? I certainly got one.

Mr O'Neill—I am not aware that being done, Senator.

Senator FAULKNER—You are not aware of that?

Mr O'Neill—No, I am not aware of that.

Senator FAULKNER—This is just a complete foul-up from beginning to end. I am sure the other senators here received one; I certainly did. Members and senators got lists of sports medal award winners, and I think included were draft media releases and letters. Some of my colleagues actually sent congratulatory letters out to the people who were on the list, based on the information they had received from Miss Kelly, only to find out—and it was quite embarrassing for them—that some of these people did not even receive a sports medal.

Mr O'Neill—I am not aware of that, Senator. You need to ask that of the minister.

Senator FAULKNER—How would Miss Kelly get a list of the sports medal award winners?

Mr O'Neill—That is something you would have to address to her. The medals—

Senator FAULKNER—You would know, surely, Mr O'Neill?

Mr Henderson—Senator, have you got a copy of the message that you received?

Senator FAULKNER—I do not have it with me, but I certainly could get you a copy, if it would be of interest. But all members and senators received similar things.

Senator Hill—But if there was a mistake in the lists, then that is something you can probably ask the minister.

Senator FAULKNER—Anyway, people were sending back letters saying, 'The first we have heard of such a sports medal was when you wrote to congratulate us.' I have to say to you, Mr Henderson, that I did not take much notice of Miss Kelly's communication, I just ignored it. But others took it all at face value—which they are entitled to do—and were severely embarrassed by her incompetence.

Senator Hill—That is a statement—

Senator FAULKNER—It is a statement—

Senator Hill—but is it well founded? Was it a timing problem? I do not know anything of the issue that is now being raised.

Mr O'Neill—I am not aware of the letter that you refer to, Senator. The official secretary of the Governor-General wrote to all recipients, notifying them of the award and its nature, and there was also an arrangement for how it was to be worn. That is the only correspondence

that I am aware of. There is a warrant signed by the Governor-General and by the Prime Minister—

Senator Hill—It sounds as if Minister Kelly encouraged parliamentarians to write and congratulate these people also, which seems to be—

Senator FAULKNER—Yes, she did—including the people who never received the medal. That is terrific!

Senator Hill—a pretty reasonable thing to do.

Senator FAULKNER—Except if you had not received a medal.

Senator Hill—Yes, but give us the instances: where are the mistakes?

Senator FAULKNER—There are certain names and I am happy to provide them to you in private. I do not want to publicly embarrass even further the people who have been so severely embarrassed by Miss Kelly already.

Senator Hill—You are not seeking to embarrass them; you are seeking to attack Miss Kelly. If you are going to do that—

Senator FAULKNER—That is true, too. She deserves to be criticised for a very incompetent performance.

Senator Hill—But you ought to give her the chance to respond to what you are saying.

Senator FAULKNER—She doesn't appear before committees. She has a very good record of never fronting up—to, for example, the Joint Standing Committee on Electoral Matters—and you know I cannot address it directly to Miss Kelly.

Senator Hill—She is represented before estimates committees. The official that we have in this meeting says that he does not know of the issues you raise. The Governor-General—

Senator FAULKNER—The chairman can confirm it. He would have got a letter from her.

CHAIR—I may well have; I cannot remember.

Senator FAULKNER—You were so busy in the election campaign that you forgot.

CHAIR—I am sure you are right.

Senator FAULKNER—Senator Brandis can confirm it.

Senator BRANDIS—I am not sure either.

Senator Hill—Maybe you were the only one who got the letter.

Senator FAULKNER—I doubt it. I do not think I am high on Miss Kelly's Christmas card list, but you never know. Anyway, how many sports medals were issued, Mr O'Neill?

Mr O'Neill—There were 18,100 medals awarded by the Governor-General.

Senator FAULKNER—What was the reason for the continued extension of the deadline for nominations?

Mr O'Neill—There was no continued extension. When we communicated with sports bodies and others, we said that the aim was to get them all in by 31 July. There was obviously processing time, but the scheme allowed for nominations, provided they were approved, right up until 31 December 2000.

Senator FAULKNER—Would you be able to assist us with the total cost of the manufacturing and sending out of the sports medal, or is that better directed elsewhere?

Mr O'Neill—That really is an issue for Government House. Provision was made for about \$700,000.

Senator FAULKNER—I appreciate that. They are not coming before us today. How many medals were sent out without the appropriate letter of explanation and what was the cost of resending the material?

Mr O'Neill—As I answered before—and you used a figure of about 5,000, and I am not going to object to that—the first tranche went out with the rather straight note. After that—and there was not a case of resending—the official secretary to the Governor-General wrote a personal letter to each individual, addressing them by name and explaining about the medal in terms that were a little bit more ‘fulsome’, was the word I think I used.

Senator FAULKNER—It does seem to have been a bit of a foul-up, I have to say.

Senator Hill—I have not heard of any case of a foul-up at all. Apart from Senator Faulkner saying that he believes, from a letter he received, that somebody unknown may have been incorrectly advised that they were a recipient, I have not heard of any error in this exchange at all.

Senator FAULKNER—I am surprised that it has not been drawn to the attention of any officers that people have received letters congratulating them on the award of a medal but never having received the medal.

Senator Hill—That is surprising, isn't it?

Senator FAULKNER—Not if you had the same view as I do about the competence of the minister concerned.

Senator Hill—No. It queries the case that you are making. If Senator Faulkner is to give us the details, preferably not before this committee but before the one where Minister Kelly is represented, we can explore the issues and then he can draw his conclusions on merit.

Senator FAULKNER—I am happy to supply Mr O'Neill with these names privately. We have heard the sad old story: 5,000 letters going out; Ms Kelly announces 30,000 medals. In the end, you are pushing 20,000 medals; 5,000 of them had to be resent with an explanation.

Senator Hill—We did not hear that. That is not correct.

Senator FAULKNER—It is.

Senator Hill—You have heard from the official five minutes ago that Miss Kelly said that there would be up to 30,000—

Senator FAULKNER—It has been a foul-up from beginning to end.

Senator Hill—not that there were 30,000. We have not heard therefore any basis of a foul-up today at all.

Senator FAULKNER—It has been a foul-up, Minister, from beginning to end.

Senator Hill—You want to define it as a foul-up, but you are not making a case for it.

Senator FAULKNER—I might ask a couple of questions about the Government Communications Unit.

Senator FAULKNER—Mr Williams, are you able to assist us with the cost of the more recent BAS information and the advertising on BAS?

Mr Williams—It is of the order of about \$9.4 million.

Senator FAULKNER—What period does that run over, please?

Mr Williams—That is in the period January to December 2000. That covers BAS advisory visits, BAS help week and business activity statements.

Senator FAULKNER—What about the latest information or campaign about getting assistance to fill in the BAS form? It ran fairly heavily through sporting events in January and early February and so forth.

Mr Williams—I do not have the January-February figures with me, but I can take that on notice, if you like. I would not have the bills in for them at this point in time.

Senator FAULKNER—Do you have an idea of the budget for that?

Mr Williams—Not here, no.

Senator FAULKNER—Really?

Mr Williams—Really.

Senator FAULKNER—When would you be able to provide that, do you think?

Mr Williams—The spend—

Senator FAULKNER—Is it concluded now or is it still ongoing?

Mr Williams—There was a burst of advertising associated with BAS 1, if you will recall, last year. There was a burst of advertising associated with BAS 2, which has just come and gone. I assume that there will be some advertising for BAS 3, but I am not aware of the detail of that at this stage.

Senator FAULKNER—So there is more to come?

Mr Williams—I would only be assuming here, because I have not seen a formal proposal.

Senator FAULKNER—I assume there may well be more to come too. Is BAS 2 what has happened in early 2001, is it?

Mr Williams—BAS 2 was due on 22 January. But with the two-week extension, I think it was due ultimately two weeks after that, which I think was 4 February.

Senator FAULKNER—No, but I mean the advertising around BAS—the BAS 2 advertising.

Mr Williams—BAS 2 advertising, to my recollection, commenced early in January.

Senator FAULKNER—Isn't there a budget for BAS 2 advertising?

Mr Williams—There probably is, but I do not have that with me at the moment.

Senator FAULKNER—Would you be able to get that reasonably quickly? I appreciate that you have made the point that the bills aren't in, but surely the budget would be—

Mr Williams—We would have a media plan for that particular burst of advertising, yes.

Senator FAULKNER—I would appreciate getting that figure from you quickly, and the latter figure.

Mr Williams—I assume that my people are watching this telecast at the office and they may well phone it through, if possible.

Senator FAULKNER—I hear what you say about BAS 3, and there may well be a further campaign if Mr Costello can ever get his changes to the BAS form through—if he wants to get them through; I am not sure who it is he is struggling with. But what is the planning for BAS 3 at this stage; where are we up to there?

Mr Williams—The lodgment date for BAS 3 would be 22 April. I would imagine that the tax office are working on—

Senator FAULKNER—But do you have an advertising budget for BAS 3?

Mr Williams—At this stage, no, as I mentioned before, I have not seen a proposal for advertising associated with that.

Senator FAULKNER—Who was the agency for BAS 2?

Mr Williams—Whybin TBWA and Partners.

Senator FAULKNER—Was there research?

Mr Williams—Yes, there was.

Senator FAULKNER—Could you indicate who it was?

Mr Williams—The researcher was Worthington Di Marzio.

Senator FAULKNER—You would be pleased, Senator Hill, with the very significant NHT advertising campaign that took place in January to early February as well, I suppose.

Senator Hill—I think it has been reasonably successful in giving recognition to those in the community that have made such a major contribution.

Senator FAULKNER—I am not surprised you thought that. Can you give me either a budget or a cost for that, Mr Williams?

Mr Williams—As I say, I cannot give you a cost. The budget I have here for the Natural Heritage trust campaign is \$3 million for advertising, so I would imagine the actual would come in at around that amount.

Senator Hill—As I recall it, we announced publicly at the time of the commencement of the campaign its objectives and the cost.

Senator FAULKNER—What was the cost, do you recall?

Senator Hill—I have not brought the press release today because I thought it would probably come up at an estimates committee later in the week, but I thought the total budget was around the \$3 million mark.

Mr Williams—If I can just add to my earlier answer, expenditure on BAS 2 in January and February was \$5,052,821.

Senator FAULKNER—Is that an actual amount?

Mr Williams—I am advised that that is expenditure, so I assume that is an actual.

Senator FAULKNER—As I understand it, there was not any advertising in 2000 for the NHT. I think that is correct, isn't it? Senator Hill would probably know this; it is in his portfolio area.

Senator Hill—There may well have been. There were certainly advertisements in newspapers at the time of new rounds calling for submissions and that sort of thing, but in terms of television communication I do not think there was any last year.

Senator FAULKNER—NHT in fact was underspent in 2000, wasn't it?

Senator Hill—On media, it may be that—

Senator FAULKNER—So there is a carryover to this year, the election year?

Senator Hill—It may be a bit deceptive: because it is money in a trust it allows for it to be rolled over. I think we determine a communication campaign over a period of three years, and therefore it is better to look at it in terms of the three years rather than year by year.

Senator FAULKNER—I had seen your press release, Senator Hill, so I am aware of what happened. I think you announced that J. Walter Thompson was the creative agency there.

Mr Williams—That is correct.

Senator FAULKNER—What about research for that area?

Mr Williams—Research was undertaken by Wirthlin Worldwide.

Senator FAULKNER—Is Jane Seaborn still employed by the NHT, or is she a consultant or out of the loop now?

Senator Hill—She is still a consultant dealing with the communication of the NHT. She technically comes under the AFFA umbrella but she basically deals with a program that is administered by both Environment Australia and AFFA.

Senator FAULKNER—Have you got costs for Wirthlin on NHT and Jane Seaborn? Mr Williams, I am not sure whether Seaborn falls into your area.

Mr Williams—No, as I have explained at previous committee meetings, the research consultant is engaged by the department and as such the contract details, including costs, are held by the department. I am not sure what Ms Seaborn's arrangements are, but the department would be aware of them.

Senator FAULKNER—No doubt someone will chase it up with Senator Hill at a later stage. I saw an extraordinary thing on innovation in local government in the *Australian* newspaper's weekend magazine. Are you aware of that?

Mr Williams—It is not something I am directly familiar with.

Senator FAULKNER—It is an insert in the *Australian's* weekend magazine—a special report promoting Senator Macdonald. Do we know anything about the cost of this?

Mr Williams—As I said, I am not personally aware of it. It may be that some of my staff are, but it is not something that I am familiar with.

Senator FAULKNER—I would be very interested to know what this cost.

Mr Williams—As I said, presumably my staff are watching and will get something up to me. I do not think it has been to our unit, but I could stand corrected.

Senator FAULKNER—This was an advertorial in the weekend magazine of the *Australian* newspaper of 15 December. As I understand it—and I know you are an expert in these things, Mr Williams—advertorials are built on promised advertising revenue.

Mr Williams—Advertorials can take the form of a paid advertisement. In the public sector, you will often see the word ‘advertisement’, which is an indicator that someone has paid for it. I am not sure what happens in the private sector. They may have contra arrangements, but generally speaking if the Commonwealth places an advertorial it pays for its space.

Senator FAULKNER—It appears that the revenue raised for this advertorial was purely from government departments, plus one from Kendall Airlines in the private sector. Effectively, haven’t we got government departments just shelling out to try to make Senator Macdonald look good?

Mr Williams—Senator, I cannot really comment on the particular issue that you have raised.

Senator FAULKNER—Is this done in-house by the *Australian* newspaper, or does an advertising company do it for the department? You would know that, wouldn’t you?

Mr Williams—It varies.

Senator FAULKNER—Do we know about this case?

Mr Williams—As I said, I do not know personally about that, but I assume someone is watching this broadcast and I might get something about it. It can take the form of a newspaper wishing to promote a particular issue, and it will go to potential advertisers, both private sector and public sector, and say, ‘In return for paid advertising, you can put a column in.’ Alternatively, as an advertiser you might pay for the lot. It really depends on the nature of the issue and the arrangements entered into for the particular event.

Senator FAULKNER—I would like to try to nail this down, if we can. I do not know whether you can find an official who might be able to assist us a bit later in the day. If you could, that would be helpful.

Mr Henderson—The Department of Transport and Regional Services would probably be able to help you as well.

Senator FAULKNER—I am aware of that, but I am just asking for the perspective of the Government Communications Unit.

Senator Hill—Why don’t we see if it went through your processes? You do not think it did?

Mr Williams—I do not think it did, but we can confirm that.

Senator Hill—It sounds like a local government promotion, actually.

Senator FAULKNER—It is true that regional services and local government are involved. To what extent I do not know. I am interested in the involvement of Mr Williams’s unit.

Senator Hill—Mr Williams says that he does not believe he has been involved.

Senator FAULKNER—No, that is not how I understand it. Mr Williams is saying that he is not sure, but there may be people who are listening to this who—

Senator Hill—Yes, and he has invited them to confirm his memory of the fact.

Mr Williams—They are clearly watching the broadcast, because I got the information on BAS.

Senator FAULKNER—Isn't there anything better on television?

Senator Hill—That did cross my mind. Rather than draw all these conclusions on the basis of best guess, it would be better to follow it down—

Senator FAULKNER—I am interested in costs to government.

Senator Hill—the correct burrow, which would be the Department of Transport and Regional Services if it was their project or, if it has been through Mr Williams, he could give us some assistance on costs. My guess would be—and I have not seen the document to which you are referring—that it is a local government promotion to which the Commonwealth government made a contribution, because the Commonwealth government is trying to encourage local government to be more innovative.

Senator FAULKNER—Thank you for that guess.

Senator Hill—It is as good a guess as any other I have heard this afternoon.

Senator FAULKNER—Yes, I am sure it is. As guesses go, no doubt it is a terrific one, but I am interested in trying to establish how much it cost the government, and if Mr Williams and his unit can assist me, that is fine, and I would appreciate their assistance.

Mr Williams—The costs would be available from the departments who were involved in placing the material.

Senator FAULKNER—I know, but there is a range of government agencies and departments involved here. In your coordinating role, I wondered if you might be able to assist me. We will see what your officers can come up with. I am aware that I can talk to other departments if necessary, but I do not really want to do that unless I have to. Could you give me a breakdown for the cost of ads for the Australian government business entry point—the budget for that campaign?

Mr Williams—I will have to take that on notice. That is a completed campaign, I think.

Senator FAULKNER—Is it?

Mr Williams—I have a list here, but it does not appear on my list, so I can only assume it is a completed campaign.

Senator FAULKNER—There are a couple of advertising campaigns that I wish to ask about. I might just provide a list on notice, and if you can assist I would appreciate it. I want either the budget or the actual cost of the completed campaign. That can be done quickly on notice to save time. Do we have any plans that you are aware of, Mr Williams, for an advertising campaign about welfare fraud—which has been speculated about?

Mr Williams—No, I have no details. Nothing has come to my unit or to MCGC that I am aware of.

Senator FAULKNER—Tough on Drugs?

Mr Williams—Yes, there is a campaign being developed on illicit drugs.

Senator FAULKNER—What is the budget for that?

Mr Williams—The advice I have here is that it is \$17.5 million over three years, of which advertising is about \$16 million.

Senator FAULKNER—It was a big campaign. Is there anything in the immigration area?

Senator Hill—Mr Chairman, should we stop for afternoon tea?

CHAIR—You are quite right. We will finish after Senator Faulkner's questions. We are just about there, I think.

Senator FAULKNER—I just placed the rest of those questions on notice. I will not be long. I am sorry to detain you.

Mr Williams—With Immigration and Multicultural Affairs, there is some developmental research being done by an appointed research consultant on a possible campaign for citizenship promotion.

Senator FAULKNER—What about road funding?

Mr Williams—There is nothing that I am aware of in the area of road funding, no.

Senator FAULKNER—I will deal with the rest of these issues briefly on notice, Mr Chairman.

Mr Williams—Senator, I might be able to give you some advice on the particular ads that you have there. Without seeing them, I can say that they were placed in the *Australian* as non-campaign advertisements following an approach by the *Australian* to the particular departments. The advertorial we believe was done by the *Australian* for the departments. In terms of costs, we are not aware of the cost, and that is something that would be available from the particular departments.

Senator FAULKNER—Thank you. I will chase it down there.

Mr Williams—If I could recap, Senator Faulkner: you want some information on the business entry point. I think we have covered the rest.

Senator FAULKNER—I am going to deal with those questions more specifically for you on notice.

Mr Williams—Thanks.

Senator FAULKNER—Senator Hill wants an afternoon tea break, and that seems perfectly reasonable in the circumstances. It is one of the few things we can agree on.

CHAIR—That concludes output 4. We will resume, after our break, with output 2, 'Social policy advice and coordination'.

Proceedings suspended from 4.08 p.m. to 4.31 p.m.

Mr Henderson—Mr Chairman, could I essentially confirm some information on an issue we were addressing this morning. The question was raised by Senator Faulkner and it related to the processes for preparing a brief for the Prime Minister when he met a number of pharmaceutical manufacturers that are based in his electorate. The area in the department responsible for preparing that brief consulted two other departments, the Department of Health and Aged Care and the Department of Industry, Science and Resources—both portfolios with responsibilities in regard to pharmaceutical manufacturing. There was no contact with other people in the preparation of that brief.

CHAIR—Thank you, Mr Henderson. We will commence with output 2, Social Policy Advice and Coordination. I think we have a few general questions before we move into the Office of the Status of Women.

Senator FAULKNER—I just have a couple of questions, Mr Chairman, before Senator Crowley comes in to take over the batting. I do not know, Mr Henderson, if you saw an article in the *Canberra Times* on 12 February this year, 'PM steps in to demand action on Aboriginal welfare.' I do not know if you recall it or not but, amongst other things, it says this:

Senior bureaucrats at the Department of Prime Minister and Cabinet told other department heads earlier this month that the McClure report into welfare reform was too light on solutions to long-term indigenous unemployment, and it was weak in many other areas.

Then it went on to say:

At a meeting of secretaries this month, the Secretary of the Department of Workplace Relations, Peter Shergold, and the Secretary of the Department of Education, Training and Youth Affairs, Steve Sedgwick, were asked to come up with some broad solutions that went beyond the McClure report.

I wondered if you would be in a position to be able to confirm the accuracy of this particular report in relation to the involvement of 'senior bureaucrats at the Department of Prime Minister and Cabinet'.

Mr Henderson—Am I able to confirm whether there were PM&C officials involved in what specifically? I am struggling to think how we can answer the issues as you have raised them without going into the opinions and the statements of certain officials, whether they be of our department or others, in terms of confirming the accuracy of that. In other words, I do not think that we are in a position to answer that question unless—

Senator FAULKNER—Let me put it another way then. Was there a meeting of secretaries to departments this month, which is February, that discussed the question of the McClure report?

Mr Henderson—There are people that can confirm the processes associated with that.

Ms Bryant—Your first question was whether there had been a meeting of secretaries this month. The answer to that question is yes. As to whether the issue of Aboriginal or indigenous welfare had been canvassed at that meeting, I am not in a position to answer; I do not know the answer.

Senator FAULKNER—Thank you for confirming that a meeting took place, but this seems to be a quite detailed story in the *Canberra Times*. One of the interesting elements about these views expressed about the McClure report is that they are from the mouths of senior officers in the Department of the Prime Minister and Cabinet—that is, the McClure report was 'too light on solutions to long-term indigenous unemployment, and it was weak in many other areas'. I wondered if this was a fair reflection of the department's view and whether the view had been passed on to other secretaries.

Mr Henderson—We are not in a position to confirm or deny whether that is the view of the officials involved in that meeting.

Senator FAULKNER—Why would that be the case, Mr Henderson?

Mr Henderson—Presumably that group is working towards developing material for the government to make decisions on. It is a deliberative process and, in relation to opinions expressed in such processes, it is standard procedure that we are not able to disclose what those opinions are.

Senator Hill—The government basically accepted the McClure report and the issue is now the detailed implementation of it.

Senator FAULKNER—You said that the government accepts the McClure report?

Senator Hill—Yes.

Senator FAULKNER—What action has been taken by the Department of the Prime Minister and Cabinet to try to address this story in the *Canberra Times* saying that it was ‘light on solutions to long-term indigenous unemployment, and it was weak in many other areas’? But you tell me that the government accepts it.

Senator Hill—It is the first time that it has been suggested to me that that could be a view of senior officers in the bureaucracy. In discussions that I have been involved in, I have not heard that view expressed.

Senator FAULKNER—I have not been in any discussions; I merely read it in the newspaper.

Senator Hill—Yes. The internal issue is what advice the department gives to the Prime Minister and others; the public issue is the position the government then takes. But if officials are saying that the McClure report is not the total answer to the issue of indigenous unemployment, I do not think that anybody would dispute that.

Senator FAULKNER—Senator Hill, is it the view of the government that the McClure report into welfare reform is ‘light on solutions to long-term indigenous unemployment’?

Senator Hill—I have tried to express the position—that is, the McClure report, as it has been endorsed, we think is a very useful document for ongoing reform in relation to social community welfare, but it was never intended to be the total answer. There are particular areas of entrenched unemployment that are going to be with us for a long time and are going to require continual and evolving policy responses, and I suspect that indigenous unemployment is one of those areas. So, if officials are saying that they do not see the total solution in the McClure report, I can quite understand that. I do not think that is inconsistent with anything that the government has said to date.

Senator FAULKNER—Fair enough. But does the government take the view that the McClure report is weak in many areas?

Senator Hill—No.

Senator FAULKNER—So what on earth are senior bureaucrats in the Department of the Prime Minister and Cabinet doing telling other departmental heads that that is the case?

Senator Hill—We do not know whether that is the case.

Senator FAULKNER—You can confirm that that did not occur?

Senator Hill—Sorry?

Senator FAULKNER—If it had occurred, it would have been absolutely out of step with what the government’s view is.

Senator Hill—Yes, that would be correct.

Senator FAULKNER—So you would not want the secretary of the Department of the Prime Minister and Cabinet off on another—

Senator Hill—We would want them to give us fearless advice, but if that is their view we would have liked—

Senator FAULKNER—You do not want frank and fearless advice communicated to every Tom, Dick and Harry.

Senator Hill—If that was their view we would have liked that advice quite a few months ago.

Senator FAULKNER—Yes.

Senator Hill—I do not recall that advice and therefore I doubt at least the detail of the story.

Senator FAULKNER—Fair enough. I appreciate that. In these circumstances, Mr Henderson, now that we have had such a categorical assurance from Senator Hill that this article does not embrace the views of the government, what has the Department of the Prime Minister and Cabinet and its secretary done to correct the record in relation to this very misleading article—we have now established it is a very misleading article—in the *Canberra Times*?

Mr Henderson—I am not aware of us having done anything to correct the record but, as I have said to you before, if every time we thought we were not totally accurately reported in the press we wrote a letter to the editor we would be spending too much time.

Senator FAULKNER—But this is a pretty bad one, isn't it? This pings senior bureaucrats of the Department of the Prime Minister and Cabinet for spreading a malicious untruth about the position of the government.

Senator Hill—But particularly in Canberra, which is a government town, as they say, articles that seem to delve into internal bureaucratic processes are common. If a different view is held of the outcome of such meetings, there would no point at all in going back and, to use your expression, trying to correct the record. It is the daily story from the Canberra news round of the bureaucracy.

Senator FAULKNER—But this is not about outcomes. This is a statement that senior bureaucrats at the Department of the Prime Minister and Cabinet told other department heads earlier this month that that McClure report into welfare reform was too light on solutions to long-term indigenous unemployment and it was weak in many other areas. But you have confirmed that that is not the view of the government.

Senator Hill—Certainly, in terms of what the McClure report was seeking to achieve. But I have just said to you that the McClure report is not the total answer to every community welfare issue in Australia.

Senator FAULKNER—You can confirm it is not the view of the government but Mr Henderson cannot confirm or deny whether this happened or not.

Senator Hill—But it is not proper for Mr Henderson to come here and share with us in this communal atmosphere what the advice he might give to the Prime Minister would be.

Senator FAULKNER—I am terribly worried that this has been printed in a newspaper and this vicious slur on these senior bureaucrats of the Department of the Prime Minister and Cabinet has gone through to the keeper and no-one has corrected the record.

Senator Hill—It is commendable that you are terribly worried about it, because I do not think anybody else is.

Senator ROBERT RAY—Except the discipline that Mr Henderson has shown was patently obviously not shown by other public servants that leaked the story.

Senator Hill—That is another issue. At least it does not seem to have been referred to the Federal Police.

Senator FAULKNER—Mr Henderson, you might draw this article to the attention of Mr Moore-Wilton, because his name is mentioned in this article as having intervened in the debate over welfare reform. Anyway, I am glad that Senator Hill has put my mind at rest, and it did not happen. That will be a relief to all of us.

Before I hand the baton over to Senator Crowley, who I know is keen to interrogate officers of the department on other matters, could I ask whether, in relation to appointments to the Board of General Practice Education and Training, that is a cabinet appointment?

Mr Henderson—Mr Doherty may be able to help us on that specific question.

Senator FAULKNER—I believe it is, because Ms Carnell, who was recently appointed, said it was.

Senator Hill—Let's find out. I cannot recall it.

Mr Henderson—Senator, can I just go back to the previous discussion—

Senator FAULKNER—Which one?

Mr Henderson—In relation to the statements about the McClure report and whether it was light-on on certain things.

Senator FAULKNER—You can if you like, but I think Senator Hill cleared that up for us, didn't he?

Mr Henderson—I will add some further clarification and inform you that the PM&C officers at that meeting made no such observations.

Senator FAULKNER—All right. You can confirm what Senator Hill said, then. That is useful.

Senator ROBERT RAY—Which, of course, raises the worry that there is obviously some fairly malicious person feeding that out. I do not think you would accuse even us of creating that story.

Mr Henderson—No, we would not.

Senator ROBERT RAY—It is almost certainly an insider somewhere—not necessarily in your department, I might add.

Senator FAULKNER—But no attempt has been made to correct the record.

Mr Henderson—We have just corrected it: no such statements were made.

Senator FAULKNER—We can only hope that all the readers of that article are going to read the *Hansard* record of this hearing. It is unlikely, but you never know your luck in a big city, I suppose.

Senator Hill—The Carnell appointment was agreed by cabinet.

Senator FAULKNER—It was?

Senator Hill—Yes.

Senator ROBERT RAY—Senator Faulkner again diligently reads his sources.

Senator FAULKNER—This one is the *Herald Sun*.

Senator ROBERT RAY—If you made an appointment of an existing member of the federal parliament to such a position—or, indeed, an ex-member—their superannuation would be deducted because it is an appointment at the discretion of the Crown, if you like. Is a

similar deduction encouraged at a state or territory level, do we know? There are no real traps in this; I am just interested.

Senator Hill—I do not think so. I can remember the issue being raised in relation to the appointment of Stephen Baker, who was a former Treasurer in South Australia when he was appointed to the Asian Development Bank, although that may have been not a government appointment. It certainly was without approval, but perhaps that was not a government appointment. I remember the discussion, and I think the answer is, technically, no.

Senator ROBERT RAY—I remember Senator Short, who was not, in fact, holder of an office of profit under the Crown, between the asking of a question and the asking of a supplementary, gave his up for that period of time. It may relate more to each superannuation scheme, but there may be a potential inequity here, which is not a partisan issue.

Senator Hill—I think there is a potential inequity. I think that was the basis of a discussion I was involved in several years ago. There is no easy way to rectify it. It is not easy to get even a voluntary solution, because of the nature of the superannuation funds.

Senator ROBERT RAY—Except with federal parliamentarians, it is controlled at the superannuation level, so you have got no choice. I just wondered if any thought had been given. You have obviously given it some, but there is no easy solution.

Mr Henderson—Senator, I think you may have raised that previously, and Ms Belcher may have given you advice. My recollection is that there were no arrangements in place in respect of state officials going on to Commonwealth boards or things. But, if we provided information before, we can recycle it to you.

Senator ROBERT RAY—I do not think I have asked on that aspect before.

Mr Henderson—Okay. We will check whether there is any information on it.

Senator FAULKNER—We have established that this particular appointment to the Board of General Practice Education and Training is a cabinet appointment, so thanks for that, Mr Henderson. In that instance, if a minister felt there was a conflict of interest in relation to such a cabinet appointment, he or she would be required to declare such a conflict of interest: that would be right, wouldn't it?

Senator Hill—Well, that is an odd one.

Senator FAULKNER—It is not an odd one at all.

Senator Hill—Okay. I withdraw that. Yes, there has been the odd occasion where somebody has been a relative, for example, or has had some association with a minister; and it has been the usual practice for that minister to disclose that connection.

Senator FAULKNER—Yes. Thank you. That is what I thought you might say. Now, in this case, are we aware of whether any minister declared a conflict of interest in relation to this cabinet appointment?

Senator Hill—A conflict of interest?

Senator FAULKNER—An interest, or a conflict of interest, or the perception of a conflict of interest, or the possibility of a perception of a conflict of interest.

Senator Hill—I do not recall the approval by cabinet, to be frank; so whether I was otherwise engaged or not I do not know.

Senator FAULKNER—That is handy!

Senator Hill—Oh no; it is just one of those things.

Senator FAULKNER—You weren't there?

Senator Hill—I was probably engaged on other business.

Senator FAULKNER—Not concentrating again.

Senator Hill—I concentrate.

Senator FAULKNER—All right. I do not want to be accused of being—

Senator Hill—The answer is I do not know.

Senator FAULKNER—You do not know. Let me put the question quite directly. Did Dr Wooldridge declare a conflict of interest, a possible conflict of interest, a possible perception of a conflict of interest, in relation to this particular issue when Ms Carnell's appointment was brought before cabinet?

Senator Hill—It logically follows that I do not know; but in this instance it was Dr Wooldridge who brought the nomination.

Senator FAULKNER—Oh yes; but it is the Department of the Prime Minister and Cabinet who have oversight of these questions about conflict and the need for declaration of these sorts of matters before the cabinet by any cabinet minister. The Department of the Prime Minister and Cabinet has responsibility for the operations of cabinet still, doesn't it? They haven't handed that over to Environment Australia or anything thing else, have they?

Mr Henderson—No, Senator.

Senator Hill—Unfortunately!

Senator FAULKNER—Unfortunately, Senator Hill and I probably both think; but, you know.

Senator Hill—I hesitate on the use of the expression 'conflict of interest' in this instance.

Senator FAULKNER—I said 'or perceived conflict of interest, or possible conflict of interest'.

Senator Hill—This was a recommendation from Dr Wooldridge to the Prime Minister—

Senator FAULKNER—I know—for his landlady to be appointed to this particular board.

Senator Hill—The Prime Minister, as is his practice more often than not, takes such appointments to cabinet, and cabinet agreed the appointment.

Senator FAULKNER—But the question here, Senator Hill, is a simple one: should a minister making a recommendation to cabinet in relation to an appointment within his or her own portfolio responsibility declare a possible conflict? My question in relation to this one is: should Dr Wooldridge have declared the fact that his proposed nominee for cabinet appointment was in fact his landlady?

Senator Hill—The answer to the first question is yes, a minister who is participating in the decision making process should declare a possible conflict of interest. The answer to the second part of the question is that I cannot see how being the tenant of a person could be a perceived conflict of interest.

Senator FAULKNER—Was any advice sought on this? You cannot see it but I can. And I have to say to you, Senator Hill, that, by reading the popular press, it seems a lot of other people can see it too. So perhaps the officers at the table can assist us to establish whether any

advice was sought about whether there was a possible conflict or a perception of a conflict of interest. Do we know that?

Mr Doherty—I can certainly confirm that we do look at proposed appointments in the context of potential conflicts, but the examination focuses on whether the proposed appointee has a conflict of interest in relation to the particular appointment that is proposed. I am not conscious of our looking at a conflict of interest from the point of view of the person proposing the appointment. If that declaration were to take place, it would take place in the cabinet room.

Senator FAULKNER—I know that, but you would not know in this case unless Dr Wooldridge fronted up and said, ‘Let me indicate in relation to—’

Senator Hill—You would not; that is part of the responsibility of the minister concerned.

Senator FAULKNER—The question is: did he indicate that?

Senator Hill—I do not think it is a bureaucratic task. I have said that I do not know whether he did, but I have also said that I cannot imagine how it could be a perceived conflict of interest.

Senator FAULKNER—So we do not know whether there was any declaration of this financial relationship that exists between the tenant and—

Senator Hill—But it is not a financial relationship from which Dr Wooldridge can get any benefit.

Senator FAULKNER—What do you mean?

Senator Hill—He is the tenant.

Senator FAULKNER—You are suggesting that it would not be appropriate for Dr Wooldridge to declare this, are you?

Senator Hill—My reaction is that I do not think it is a perceived conflict, and you are obviously trying to build a case that it is.

Senator FAULKNER—I am not trying to do anything; I am merely trying to establish the proper process and whether it should be declared or not.

Senator Hill—We have agreed that the proper process is that a potential conflict of interest should be disclosed. It is basically the responsibility of the minister to make that judgment. But, if you are asking me to try to make it for the minister, it does not seem to me to be a potential conflict of interest.

Senator FAULKNER—But someone’s landlady—I do not want to make it specific to this issue; I was thinking more in the general—or landlord, for example, would set a tenant’s rent, wouldn’t they?

Senator Hill—I think you are stretching a very long bow.

Senator FAULKNER—I am not stretching anything; I am just saying that that is the way it works, hence it might be appropriate in these sorts of circumstances for someone to make—Dr Wooldridge may well have declared this. You cannot help us; you were not listening at the beginning.

Senator Hill—There are two points, I think. Firstly, the individual concerned seems to me to be well qualified for the job, both in public administration and in health knowledge—

Senator FAULKNER—That is not the point I am raising and you know it. I am not being critical of Ms Carnell at all. I do not know whether she is qualified for this position or not. I am making no judgment about that. It might yet be another job for the girls; I do not know. Maybe she is highly qualified; I simply do not know. That is not the point.

Senator Hill—I think it is a point. She seems to me to be well qualified for the job. If you were trying to develop this case in relation to an appointment where there was a serious question mark over the qualifications of the person, you would be entitled to put in a little more effort than you are today.

Senator FAULKNER—My question goes to the accountability process.

Senator Hill—But for somebody who is well qualified and where the only relationship is a contractual relationship of landlord and tenant, I think that to try to argue that out of those circumstances there is a potential conflict of interest is drawing a very long bow. I guess from your perspective it is worth a try, but to me it is a very long bow.

Senator FAULKNER—I am not attempting to draw any bow at this stage. I am trying to establish the facts. The facts of the matter are that you cannot assist us because either you were not there or, if you were there, you were not listening. I suspect the latter is likely.

Senator FAULKNER—If you cannot assist us, I hope someone else might—someone a little more on the ball.

Senator Hill—As I said, it is not the responsibility of the bureaucrats in this instance; it is the minister concerned.

Senator FAULKNER—There are processes in relation to the declaration of interests and conflict of interests. These are outlined in the *Cabinet Handbook*, aren't they?

Senator Hill—But the responsibility rests with the individual concerned.

Senator FAULKNER—Even though most of these obligations have been tossed out the window during the life of this government, I assume that one still is vaguely in place.

Mr Doherty—That is correct. The requirement is still in the *Cabinet Handbook*. It is a matter for declaration in the cabinet room, and it is recorded in the notebooks.

Senator FAULKNER—Could you take this on notice, Senator Hill, so we can find out whether in fact Dr Wooldridge did declare this?

[5.02 p.m.]

Senator CROWLEY—I have a few questions of the Office of the Status of Women. I would like to ask about the criteria provided by the department for the receipt of OSW funding, particularly vis-a-vis the three women's organisations that received secretariat funding from OSW.

Ms Calder—I believe the criteria would have been provided. The criteria was that the applicant is a national women's NGO, which is an incorporated body or other legal entity; has established branches in the majority of states and territories or has nationwide membership; deals predominantly with issues relevant to the status of women; promotes the interests of its constituency and works towards broadening its membership base; and is not a political party registered under the Electoral Act. There is then criteria about holding an Australian business number or having applied for one. The third area is the capacity of the project to contribute positively to current or emerging policy issues affecting women. The fourth is the relevance of the project and the following policy priorities: women's economic security, including

retirement incomes; labour force issues for women; women in leadership and decision making; international issues for women; or legal issues for women and protection of the law. The fifth is value for money and the sixth is the capacity of the applicant to deliver the proposal.

Senator CROWLEY—Would I be able to have a copy of that?

Ms Calder—Yes.

Senator CROWLEY—Under that criteria, what distinguished the three successful recipients from those that were not successful?

Ms Calder—I am sorry, I gave you the criteria for the project round of funding. Are you asking about the criteria for the national secretariats to be established as national secretariats? Is that the nature of the question?

Senator CROWLEY—My question was about expenditure to the three women's organisations that received secretariat funding from OSW. What criteria have you given me?

Ms Calder—The general criteria for the project funding round—I apologise.

Senator CROWLEY—Okay, let's start again. I will accept those, too. A copy of those would be very useful.

Ms Calder—I do not have the detail of the criteria, and I am sorry. It was before my time in the office. I am aware that there was a tender process and that a number—my recollection is 10—of applications were received. Three were selected against the criteria on the basis of the manner in which they demonstrated their ability to deliver on those criteria. I do not have them with me, though; I apologise for that.

Senator CROWLEY—Would you be able to provide me those criteria on notice?

Ms Calder—I believe so.

Senator CROWLEY—Thank you. It is a tender process, and I guess I cannot have the detail, but I would be very pleased if you could give me some reason for why the successful applicants were successful, or, importantly, why the unsuccessful ones were deemed not up to scratch against the criteria.

Ms Calder—There were a total of 15 applications received. I do not have information about how they performed in that process, but the applications were assessed by a selection panel that included a community representative.

Senator CROWLEY—Would I be able to have some more detail about the selection panel?

Ms Calder—I believe so, yes.

Senator CROWLEY—On notice?

Ms Calder—Yes.

Senator CROWLEY—Could I have names of people who were on that panel and the category in which they were appearing?

Ms Calder—We will provide that.

Senator CROWLEY—That would be useful, thank you. When three were judged to be successful, what was the process by which that funding was provided?

Ms Calder—The payment arrangements?

Senator CROWLEY—Yes.

Ms Calder—There is annual funding of \$100,000 to each secretariat. I am advised that the first year was \$75,000 because it was not a full year.

Senator CROWLEY—So it was \$75,000 and then \$100,000 for how long?

Ms Calder—It is a three-year arrangement.

Senator CROWLEY—That means \$2,750?

Ms Calder—No, \$275,000.

Senator CROWLEY—That was a neat little saving! Did the successful organisations enter a contract with the OSW?

Ms Calder—Yes, we have a contract with them and we have an annual work planning process and agreements process with them.

Senator CROWLEY—Would I be able to have a copy of the contract?

Ms Bentley—We would have to examine the commercial-in-confidence under that, but we could give you the standard type contract. They would be similar with the three organisations. They would have different schedules about what they had to do and what their objectives were, but we could certainly give you a contract very close to the nature of the contract.

Senator CROWLEY—What is the meaning of commercial-in-confidence in a contract between the government and an NGO?

Ms Calder—I would seek to give you the contract to the fullest extent possible. I am not confident that I could comment on whether or not we would have any commercial-in-confidence issues.

Ms Bentley—I mean that we would have to clear with the organisations that they would be happy for us to provide you with the contract.

Senator CROWLEY—So that is what you mean here by commercial-in-confidence? It is not the standard meaning of commercial-in-confidence, is it?

Ms Bentley—Sorry, I may have slipped into using the term inadvertently.

Ms Calder—We would obviously want the organisations to be apprised of your request, and I would endeavour to table the contracts as completely as possible.

Senator CROWLEY—I appreciate that. I would be interested to know whether ‘commercial-in-confidence’ is the appropriate term that you should be using. If it were, I would particularly be interested to know what on earth it refers to.

Ms Bentley—I retract the remark.

Senator CROWLEY—I appreciate that. We are not going to hunt you down and shoot you out of the water, but I think we need to be clear about the terms of this money. I should indicate that if it is commercial-in-confidence—and it is not—or if it is something the terms of which you feel you cannot fully disclose to me as a senator, then I will certainly be asking on notice for a comprehensive explanation of why you feel it cannot be made public, which I believe is an appropriate thing to insist on when it comes to the allocation of public money and which is a bit hard sometimes to insist on. I indicate ever so gently that I shall be very insistent.

Ms Calder—Thank you, Senator. As I said, I will endeavour to provide you with the fullest available material.

Senator CROWLEY—Do women's organisations which receive funding from OSW need to sign a contract which stipulates that they may not discuss their contract with anyone?

Ms Calder—I have signed a number of contracts with women's organisations under project funding and have not read any clause to that effect, but I would have to refresh my memory on that. I would be happy to provide you with that information.

Senator CROWLEY—I would be appreciative of that. If it were the case that the contract stipulated that they may not discuss the terms of the contract with anyone, could I have an explanation of why that would be so?

Ms Calder—Yes.

Senator CROWLEY—Thank you. In signing contracts, do women's organisations sign to stipulate that certain intellectual property gained as a result of the funding belongs to OSW?

Ms Calder—There is a standard clause as to intellectual property which is managed in the context of each project. Normal practice—and I cannot speak for any of the variations, because I do not have the details in my mind—is that the product required under the contract is the property of government. The intellectual property in the development of that product lies with the project. That is the normal practice.

Senator CROWLEY—So the product is the property of the Commonwealth?

Ms Calder—If the product is a report, government has copyright of that report, but the material developed or the work done which might give rise to some academic papers or to some public speaking is the property of the project applicants.

Senator CROWLEY—This is a hypothetical. NGO Smithsonian Institute has accepted a contract. It has signed off for some moneys from the OSW and is going to produce a report. The report contains good research stuff—somebody has come up with some creative research. The report belongs to the Commonwealth, but the intellectual property belongs to the Smithsonian Institute.

Ms Calder—That is usual practice. They may then undertake a number of academic papers on the basis of the work that was done to produce the product.

Senator CROWLEY—Do you know whether it belongs to the organisation or to the individual who does the work?

Ms Calder—I would have to take that on notice.

Senator CROWLEY—Could you? That would be very useful. Can you give me any sense of how many projects the OSW has taken possession of on behalf of the Commonwealth in the last 12 months?

Ms Calder—If 'taken possession of in the last 12 months' effectively refers to the 1999-2000 funding round, though I am not fully apprised of all of the projects that have been completed I think almost all have produced the outcomes. There have been a number of launches in recent times. Twelve projects were funded in 1999-2000.

Senator CROWLEY—I would appreciate a list of those on notice. I guess I can chase up the organisations once I have seen the list to find out what intellectual property—

Ms Calder—I can read it into the record if you like.

Senator CROWLEY—Go ahead. That would be great.

Ms Calder—The National Council of Single Mothers and Their Children had \$25,000 for a project called Sole Parent Proud. The Older Women's Network Australia had \$25,000 for research and retirement income planning for older women. The publication was launched in August 2000. The first one, the resource directory, was launched in November 2000 by me. Women With Disabilities Australia had \$25,000 for a 'train the trainer' leadership program for women with disabilities. The leadership workshop was held in July 2000. The National Association of Services Against Sexual Violence had \$25,000 for the expansion of data collection on sexual assault and underreporting. The database has been developed based on 4,000 service users and encompasses service delivery demographics and victim assault information. Guides Australia had \$25,000 for the production of a national leadership kit for school students. The leadership kit was produced in July 2000.

The Foundation for Australian Agricultural Women—leadership training for women, including indigenous women in regional and rural areas—had \$20,000. One national workshop and two regional workshops were held in May-June 2000. The Women's Action Alliance—research education advocacy, et cetera on women's economic security, particularly the needs of women in unpaid work in the home—had \$20,000. Those were the three main issues addressed. I do not have the details on the completion of that project, but it focused on superannuation and the inclusion of unpaid work and housing assistance to low-income families. The Australian Council of Women in Policing—the production of a booklet to attract and support and retain women in policing—had \$15,000. The booklet was launched in August 2000. The Association of Women Educators—research into challenges facing pregnant and parenting young mothers in completing their education—had \$15,000. The publication was launched in October 2000. The Catholic Women's League of Australia—to address women's participation in non-clerical decision making and consultative forums in the Catholic Church—had \$15,000. The publication was launched in October 2000.

Senator CROWLEY—What is the meaning of 'clerical' in that sentence? Please do not hold up on that one, Ms Calder.

Ms Calder—It would be the traditional one. National Women in Engineering Committee—the production of resource materials to attract and retain women in engineering—had \$10,000. The publication was launched in December 2000. Unifem Australia—the extension of International Women's Day activities in additional locations, including regional and rural locations—had \$16,000. Breakfasts were held in 12 new locations, including seven regional and rural areas. Those were the products of the 1999-2000 funding round.

Senator CROWLEY—I appreciate that information. I have written it down here as 'anti-DV', but I think it was the services that are working together. It was No. 4 project.

Ms Calder—That is the National Association of Services against Sexual Violence.

Senator CROWLEY—And they were producing a database?

Ms Calder—Yes.

Senator CROWLEY—And that database is in the report?

Ms Calder—It is not a report; it is a database that collates and provides access to information on best practice services projects.

Senator CROWLEY—Who has access to that database? Who owns it?

Ms Calder—It is available through the national association, so it would be available. You could access information on request. It has essentially reinforced their capacity to be a support service.

Senator CROWLEY—But people in the community could look it up?

Ms Calder—I presume so.

Senator CROWLEY—That is very interesting. One of the concerns that has been raised often with me is that three organisations received a large amount of money and lots of other organisations received little or none. What kind of processes are in place to ensure that other women's organisations are benefiting from the secretariat funding?

Ms Calder—We have run an extensive process with the national secretariats in the last six months, which has included bringing them together to plan on the manner in which they will work with each other and, very broadly, with the women's sector.

Senator CROWLEY—This is bringing the three peak organisations—

Ms Calder—It brings the three national secretariats together. Our work planning process with them has identified, and helped them to develop, strategies for working both collaboratively and on an extensive outreach basis with a wide range of organisations for and of women, to the extent that we have broadened the traditional definition of the women's sector. We are seeking that secretariats be available to women in organisations that may not be defined as solely or specifically women's organisations, but it may well be women in an industry organisation with women's issues. We are endeavouring to ensure that their reach is wide, and perhaps even wider than has been traditional. We have also established a mentoring relationship between each of the secretariats and one organisation that had been identified as being able to benefit from further developmental support from the office and the office's funding arrangements.

Senator CROWLEY—Can you give us those names?

Ms Calder—I was worried you would ask that. I am going to have to test my memory. The arrangement is that the Australian Federation of Business and Professional Women Inc. is working with, and providing support to, the Women's Action Alliance; the YWCA national secretariat is working with, and providing support to, Guides Australia; and the National Council of Women is working with, and providing support to, the Catholic Women's League Australia. That is a trial for 12 months to see if it works and if it works to the benefit of both parties. If it does, we will seek to continue it, as there are a range of women's organisations that are finding it very difficult to work effectively for their constituencies.

Senator CROWLEY—Are those processes stipulated in the contract that was agreed to between OSW and those women's organisations?

Ms Calder—They are being placed in a work plan, which is an annual arrangement under the auspices of the contract that we have established with each secretariat. The consultancy process that I talked about, or the workshop process, led to the development of agreed outcomes under those work plans with each secretariat.

Senator CROWLEY—I do not want to be picky, but what does 'under the auspices of the contract' mean?

Ms Calder—It is not stipulated in the contract, because the contract covered effectively three years. Work plans are for each year, and I started this process after my appointment.

Senator CROWLEY—Words like ‘and all other things as may be judged appropriate’, for example?

Ms Calder—Sorry, I do not understand your meaning.

Senator CROWLEY—I am just trying to think under the auspices of the contract what words would mean: ‘Well, let’s have a work plan with three organisations this year.’ It is a bit of a shift. I am trying to follow one line of questioning and keep another I want to come back to, which is called, ‘Hey, what kind of contract did you sign with women’s organisations when you have actually got to now, well after the event, have a planning process to work out strategies of what it actually means?’

Ms Calder—No, it was not well after the event. It was as we moved into the next full year of operation. It was a formal process to ensure that the contractual obligations that they have were made relevant to this year to expand on the work that they had done in their first part year of operation. It is a normal review and planning process under any contract. The contract did not stipulate the outputs for each year. It stipulated the general output over three years, and this is the specific detail within each year.

Senator CROWLEY—So we could anticipate that there could be another strategy meeting and planning session in 12 months time?

Ms Calder—Yes. We planned at the end of the last calendar year for this calendar year, and we will do the same.

Senator CROWLEY—Did you require an annual report from those three organisations, either as part of the contract or as part of keeping an eye on them, from which you then decided to have this sort of planning and strategy meeting?

Ms Calder—The national secretariats do not provide annual reports; they provide quarterly reports. It is a quarterly reporting arrangement and not a consolidated end of year report, and we provided those in response to a question on notice earlier.

Senator CROWLEY—So you provide quarterly reports?

Ms Calder—No. The national secretariats provide us with quarterly reports on their activities. I am sorry if I was not clear.

Senator CROWLEY—No, that is fine. Was anything in what they were doing of concern for OSW?

Ms Calder—Not a concern. It is a developmental process. We were able to use the quarterly reports to identify some of the next phase of activities and the extension of their work program, if you will. It was in that context that the support arrangements were proposed.

Senator CROWLEY—Did you agree that other women’s organisations have been disgruntled by this new process and concerned about their lack of funding?

Ms Calder—I certainly did not agree. I believe—and this predates my involvement—there was concern as to the purpose of the arrangement, and it has been important that we—

Senator CROWLEY—Concern about the—

Ms Calder—The new arrangements—the arrangement that has in place three national secretariats, and a very specifically framed project funding round was obviously something that was new and, as with all change, brought concern and questioning.

Senator CROWLEY—Who was concerned?

Ms Calder—I have just been advised that that was put in place in October 1999. I could not tell you who was concerned. I think it was general. I think it was expressed in a variety of ways. But we have worked to ensure that the purpose and the product is well communicated and, as I said, we have worked with the national secretariats themselves to ensure that they are undertaking the role that has been proposed.

Senator CROWLEY—How did the OSW get sense of that concern?

Ms Calder—I am sorry; I would not be able to answer that question.

Ms Bentley—It was not my area at the time but there were some media reports and I believe that there were also some direct representations—phone calls—to OSW at the time.

Senator CROWLEY—Did you get any letters?

Ms Bentley—I would have to check.

Senator CROWLEY—Emails?

Ms Bentley—Possibly.

Senator CROWLEY—Could you let me know if you did; that would be useful. So, as a result of that concern, taking that into account and moving right along, it was then decided to look at these three organisations' mentoring? That mentoring process, as I understand it, has emerged after the planning process and strategies for year 2 of this funding? It was not in the original?

Ms Calder—No. It is part of year 2. It certainly was not identified as a specific activity in either the contract or the early months of work. It emerged as they settled into their new roles, because that obviously took some developmental work on their part.

Senator CROWLEY—If there is anything further you can provide me with I would be pleased to get it. Maybe I have misheard you again, so can I check this: you seemed to say that these three organisations—Guides, Women's Action Alliance and the Catholic Women's League—were perhaps struggling to try and fulfil their obligations to their constituency? They are not quite your words, but I understood it was something like that.

Ms Calder—They are not quite my words, and I won't endeavour to recall my words. Essentially, they were three organisations that were funded in the 2000-01 project funding round for developmental assistance, and it was agreed, essentially as a suggestion of mine, that there could be benefits from a partnering or mentoring or support arrangement between each of the national secretariats and one of these organisations.

They were the only organisations that received project funding in the prior year's project funding that were not recommended when they sought further funding in last year's funding round, and it was of concern to us that they had not indicated a capacity to attract other sources of funding or to become effective in their representation of their constituents' concerns and issues to other mainstream organisations and portfolios.

Senator CROWLEY—What of the other women's organisations who are not those three newly mentored? What of the other women's organisations who, according to information coming to me, are also concerned that they are not getting access to the secretariat funding through those three main organisations?

Ms Calder—Senator, I think you are indicating that you are hearing from women's organisations that they do not have access. I am not in receipt of that information. I have worked very hard to ensure that I am meeting with as many women's organisations as

possible and I have not had that information specifically provided to me, so I am unable to comment any further.

Senator CROWLEY—If you did have it, would it make a difference?

Ms Calder—If I did have that information, I would seek to redress it.

Senator CROWLEY—So it might be very reasonable for me to say to women's organisations when they raise it with me: you should write a letter to—

Ms Calder—To me.

Senator CROWLEY—Not to the minister but to you?

Ms Calder—To me.

Senator CROWLEY—To the minister as well?

Ms Calder—As they wish.

Senator CROWLEY—Thank you for that. I will certainly pass that on. What processes are in place to ensure that the women's NGOs that do receive funding expend that money in accordance with the criteria that come with the allocation of that particular money?

Ms Calder—There is the standardised contract, which we discussed, which is developed often at considerable length with each project's auspice organisation to ensure that both parties are comfortable with a full understanding of the contractual agreement and obligations. Then it depends on the nature of the project. It may be that we require reports on work in progress. It may be that the project itself, the product of the project, is full and complete delivery of our expectations. The office has maintained close contact with all projects over at least a number of years and I think is apprised of the progress of each project virtually continuously.

Senator CROWLEY—How much of the office's work is devoted to supervising non-government organisations and their projects, and how much might be advice? What else do you do besides that?

Ms Calder—There is a very small team which undertakes direct work with the NGOs and the projects, so it is a portion of OSW's work. Do you want me to run through the list of everything we do?

Senator CROWLEY—I would like to know, for example, what advice you provide to government departments.

Ms Calder—The advice provided to government departments varies. There are different types of roles. We are involved in a range of interdepartmental committees on matters as they arise, some of which come and go from time to time. We work with the women's policy officers network with all government departments to keep abreast of issues that are relevant to women and to apprise them of issues that we are working on that may be relevant to their portfolios. We obviously comment on legislation as it comes through the Prime Minister and Cabinet process. We seek the engagement of officers of other portfolios on work in which we are engaged—and there are currently several examples of that, one in the area of health where we are developing a conference in conjunction with the Department of Health and Aged Care. I can keep going, but I think that is a broad brush.

Senator CROWLEY—If there were anything further to add to that list, I suppose you could say to me—if you were not as polite as you are, Ms Calder—‘Why don't you read it in

the annual report?’ and I could. I think what you have given there is a very useful list and, if anything further can be added to that, I would be pleased to accept it.

Ms Calder—I am sure we could.

Senator CROWLEY—When you say that you comment on legislation, do you comment before the event or after the event? Do you get the opportunity to contribute to the deliberations about the drafting of legislation?

Ms Calder—It varies; I think that would be a fair comment. In my limited tenure, I have had experience where we have been asked to comment in the early stages of policy formulation as well as at the final drafting stage. So I would have to say it varies.

I now have a bit more information. This was provided in answer to a question on notice on 23 November. It gives me a full list and I do not have to rely on my memory. These are the major areas of work that we had undertaken in the six months to the end of last year, and they included the following. Labour force and income security matters: OSW was engaged in comment on legislation on superannuation following marital breakdown—indeed, we had been significant in working towards that end. Then there was input to the government response to the human rights commission pregnancy review and input to other government policies affecting women, and we had undertaken the drafting of an annual statistical report, *Women in Australia 2000*. In the area of domestic and family violence, we chair a Commonwealth, state and territories task force on the Partnerships Against Domestic Violence program, and we have a range of working groups under that which include a variety of people from other portfolios, such as family and community services, the department of health and other state and territory departments.

In international and legal matters, we provided input to the government’s review of the United Nations treaty committee system and all the associated conventions. We undertook preparation for the implementation of outcomes of the United Nations special session on women, which is known as Beijing Plus Five. We have attended, and been elected to the chair of, the APEC ad hoc group on gender integration and we are engaged in preparations for Australia’s report under CEDAW. In the leadership area, we worked closely with other portfolios in providing nominations for women to positions on Commonwealth boards. In the area of communications and liaison, we had a wide range of involvement with other government agencies to ensure that we in the Office of the Status of Women were providing good information about their services to women through our various communication channels and, equally, that we were providing information to them as appropriate in their communication channels.

Senator CROWLEY—I will read that more fully. I had not appreciated that there was that answer to a question on notice. With respect to advice to women on Commonwealth boards, were you asked to nominate Ms Kate Carnell?

Ms Calder—I do not believe that is a board for which we are contacted. I cannot give you complete advice on that at the moment.

Senator CROWLEY—There are some boards you are contacted for and some you are not?

Ms Calder—We provide support for nominations to Commonwealth controlled boards where the Commonwealth makes all the appointments.

Senator CROWLEY—I will think on that. What role did the office have in the changes being proposed to the Sex Discrimination Act?

Ms Calder—In the usual manner, I believe. We were consulted by the portfolio with responsibility for developing the amendments. We made comments as appropriate at the time.

Senator CROWLEY—Comments as appropriate. I am not sure that I would be able to get them, but should you be minded to table them I would be very pleased to get them, Ms Calder.

Ms Calder—As you are aware, Senator, that is not possible.

Senator CROWLEY—Were you able to contribute to the drafting of this legislation or did you comment after the event?

Ms Calder—I am relying on memory, but I believe we were asked for comment in the process of the drafting.

Senator CROWLEY—I do not know exactly what the mission statement of the Office of the Status of Women is these days, but I would have thought that it probably had to do a lot with the elimination of discrimination against women. Would I be within the ballpark?

Ms Calder—We do have a mission statement. We have a vision, and that is to achieve optimal status for women in all aspects of their lives and in their diversity and choices.

Senator CROWLEY—From some perspective, one could see introducing a discriminatory clause or an option for discrimination into an antidiscrimination bill, particularly as it affects women, would be counter to that mission statement.

Ms Calder—As you know, we provide advice as we are required to do so. The nature of that advice is not something I am able to comment on.

Senator CROWLEY—No, you do not need to tell me about the advice, but you can tell me whether or not the final product is in conflict with the mission statement of the office.

Senator Hill—Women have varying views on that proposed legislative change.

Senator CROWLEY—Women do?

Senator Hill—In fact, the community does.

Senator CROWLEY—So I would have thought.

Senator Hill—And it has been subject to continuous and continuing vigorous public debate.

Senator CROWLEY—Minister, it may not be an appropriate question for Ms Calder, but a question for you might be their notion of introducing the option for discrimination into antidiscrimination legislation.

Senator Hill—I think the role of this body would be to ensure that government understood the full consequences, and the various arguments that women might mount, in relation to that proposed change. I hope that that advice was sought.

Senator CROWLEY—The women's policy office has a policy to provide 'research and advice to government and assistance in coordination, communication and consultation on a range of issues affecting women'. It raises the very interesting question of, as you have just proposed, Minister, what you do when the advice might be, 'We are for it,' or 'We are against it.'

Senator Hill—That is a difficult dilemma for the office. Certainly, they should ensure that the government is aware of the various views of women on the issue. Whether they want to come down on one side or the other in their advice is really up to them. But a big part of that

debate, which you may not choose to accept, was an issue to do with the rights of children, not just adult women. I think it becomes quite a complex issue for an office of this type, which is, as you have just heard the mission statement say, challenged with advancing the interests of all women.

Senator CROWLEY—I think it is a very big challenge and I would have thought that it should cause considerable difficulty for the office. I would have thought that it might have caused exactly the same difficulty for the Attorney-General's Department.

Senator Hill—It is a difficult community debate. Nobody argues to the contrary. But the government wants to be able to make decisions notwithstanding the difficulty, and we made a political judgment and that is what we are seeking to implement. You would accept, I think, that it is unfair for you to ask the office what advice they did give to government on that.

Senator CROWLEY—I think that is quite right. I apologise for that. They are not supposed to answer that.

Senator Hill—It is fair for you to ask, and I am not sure what the answer would be—whether their was advice was sought.

Senator CROWLEY—I am not sure I did ask for the advice.

Senator Hill—I am not inviting you to do that.

Senator CROWLEY—I am not sure that I did ask for the advice. I guess I know that that is not an appropriate question.

Senator Hill—No, you did not ask for it.

Senator CROWLEY—Did you give advice? This is a question you can answer yes or no to, I presume. And the answer is yes, you did. They were involved in the policy.

Ms Calder—OSW both provided background information to the minister and was consulted by the Attorney-General's Department.

Mr Henderson—Senator, it is not a unique situation, really, is it? The Department of Finance and Administration and the Treasury might prefer larger surpluses than governments decide to implement. The real issue here is: are the relevant advisers' views, and those of their ministers, taken into account in finally determining a government position on a particular issue? In this case, we have heard that they did take account of OSW's views on this issue.

Senator Hill—We would like to think that. We certainly heard that they gave advice.

Senator CROWLEY—We know they gave advice. Thank you very much, Minister. That is a great help. I actually also think, Mr Henderson, that in the middle of the night you will meditate on this and see that what you said is not a good analogy. While people may like to have a bigger surplus or whatever, they are not actually legislating to run counter to the intention of an act. That is what is so contradictory here: this is to introduce the potential for discrimination into an antidiscrimination bill.

Senator Hill—That is your political spin.

Senator CROWLEY—No, it is not. It is the cold hard fact, is it not?

Senator Hill—That is the debate. You are now wishing to have your opinion recorded as a fact.

Senator CROWLEY—We can now ask, 'What is a fact?' and wax eloquent and philosophical for quite some time. There is an extraordinary—

Senator Hill—It sounds as if the office did its job; that is the important thing.

Senator CROWLEY—Yes, it is; and you are doing well in keeping me on the track, Minister. That would be one way of saying it. In a letter from Kathy Leigh, First Assistant Secretary, Civil Justice Division of the Attorney-General's Department to Dr Pauline Moore, secretary of the Senate Legal and Constitutional Legislation Committee, Parliament House, Canberra, there is a paragraph—and I would like you to know that I am not trying to get this out of context; I am reading just a bit of the letter—that says:

The effect of the Bill would be to amend the *Sex Discrimination Act 1984* (SDA) to provide that any State or Territory laws which restricted access to assisted reproductive technology (ART) services to those who are married or in a de facto relationship would not breach section 22 of the SDA.

The Prime Minister stated in his press release of 1 August 2000 that the Government's view is that the SDA was never intended to prevent States legislating to restrict IVF procedures to married women or those in a de facto relationship.

I am very interested to know that that is the government's view, and I would be very interested to know how the Prime Minister broadly consulted to arrive at that view. You might like to assist me with that in one minute, Minister. It continues:

The Government does not believe that the Bill is inconsistent with Australia's non-discrimination obligations. A distinction or differentiation in treatment will not amount to discrimination if it is based on reasonable and objective criteria and is for a legitimate purpose not inconsistent with other provisions of the relevant treaty.

As you say, there has been lively discussion about this. Do you accept that paragraph, Minister?

Senator Hill—I certainly do, if that is the Prime Minister's view.

Senator CROWLEY—It is over the signature of Kathy Leigh, First Assistant Secretary, Civil Justice Division of the Attorney-General's Department.

Senator Hill—Yes, but she says she is expressing the Prime Minister's view.

Senator CROWLEY—'The government does not believe': I would allow that there is possibly a distinction between the Prime Minister and the government but, if you are allowing it, then that is excellent. All right. I know when the time is up. One last point on that: as far as the advice goes, have you also provided advice to the government vis-à-vis Australia's international antidiscrimination obligations?

Ms Calder—We were consulted in the process of the development of the draft legislation. That is the advice we were asked for and provided.

Senator CROWLEY—I am not asking what you concluded, but was your advice also asked for in terms of Australia's international obligations?

Ms Calder—We would not be in a position to provide advice on any international law. We have had questioning to this effect previously.

Senator CROWLEY—You are not able to provide advice on international law?

Ms Calder—We do not provide legal advice. That would be provided by the Attorney-General's Department.

Senator CROWLEY—Were you asked to provide advice vis-à-vis Australia's international obligations, other than legal?

Ms Calder—They would be legal questions that would go to our obligations under any international provisions.

Senator CROWLEY—In other times I understood that the office had done a lot of work to prepare a paper for the optional protocol for the Convention for the Elimination of All Forms of Discrimination against Women—which this government has decided not to sign.

Senator Hill—Certainly the office has played an important role in relation to the treaty matters, but what you are asking is: is the office equipped to advise the correct technical interpretation of the treaty to a particular issue of fact? That is obviously not only a legal issue but an issue that requires specialist legal knowledge.

Senator CROWLEY—I did not know I asked that, Minister. If I did, that is interesting. I just asked whether or not advice had been sought from the office, or whether you provided advice vis-à-vis Australia's international obligations.

Senator Hill—Yes, whether this legislation was in breach of Australia's treaty obligations, and that is a legal question.

Senator CROWLEY—Actually, you are going much further than I am. You have told me I cannot even do that. I am not asking what the substance of the advice was but whether or not advice was sought vis-à-vis international obligations—not plus, minus or what it was.

Senator Hill—Clearly, international obligations would have been considered in the preparation of this bill. What I am saying is: that advice needs to come from someone who has specialist legal knowledge in relation to international law and treaties, and that has not traditionally been the role of this office. You do not have specialist international lawyers, as I understand it.

Ms Calder—That is correct. Perhaps I should repeat what I previously said. In the drafting of the legislation, OSW were consulted on the matters on which OSW are competent. As we have just discussed, the nature of that advice is not available. But in respect of any international legal matters, it is the international law office in the Attorney-General's Department that is the authority on those matters. We would not seek to provide any advice that was in their purview.

Senator CROWLEY—Do you ever speak to that person?

Ms Calder—I personally do not, but my staff who work on these matters will from time to time. I could not speak on the specifics of this matter.

Senator CROWLEY—At the last Senate estimates, the office—you—confirmed that you were coming to the end of a process to develop a new work plan within OSW.

Ms Calder—That is correct.

Senator CROWLEY—When will that work plan be available?

Ms Calder—It is in the printing process now.

Senator CROWLEY—Are you able to provide me with a copy?

Ms Calder—Yes, it will be a public document. We will be seeking to circulate it quite widely.

Senator CROWLEY—Good. On the web site for OSW, there is a calendar of events and functions organised by women's organisations.

Ms Calder—Yes, that is correct.

Senator CROWLEY—Do you fund any or all of those?

Ms Calder—There is probably included in that list various projects that have activities that are funded under the office's project funding program. But, having said that, it is a calendar for other women's organisations to use to broadcast information about their own activities.

Senator CROWLEY—For Thursday, 8 February to Sunday, 11 February the calendar lists the Women Wise Women symposium, in support of women's human rights, at the University of New South Wales. Has the office put any financial assistance into that?

Ms Calder—I do not believe so, Senator.

Senator CROWLEY—Would you be able to provide me with a list of which ones have been receiving money, or support in kind, from the office?

Ms Calder—Yes, we can do that.

Senator CROWLEY—Thank you very much. I think that concludes my questions to the office.

ACTING CHAIR (Senator Brandis)—I thank officers from the Office of the Status of Women. We might adjourn for about five minutes while the officers from the ANAO come to the table.

Mr Henderson—Could I make an observation in regard to questions placed directly on notice?

ACTING CHAIR—Yes, Mr Henderson.

Mr Henderson—At the beginning of our hearing, Senator Ray made some observations expressing concern about the timeliness of our responses. At the November hearings, we took on a total of 100 questions; 48 of those were placed directly on notice. Today, my impressions are that, in terms of the actual hearings themselves, we have not taken a lot of questions on notice, but there has been placed directly on notice 66 questions in relation to IT outsourcing. No. 28 of those 66 has 10 parts; question 66 has seven parts. There is clearly going to be a very substantial workload associated with answering those questions placed directly on notice.

I hope this is taken in the constructive spirit in which this observation is intended, but I would ask the committee to consider how we are meant to handle this increasing tendency to place very substantial numbers of questions directly on notice. Clearly, there are people all around the department who will be preparing these responses, but the reality is that in the last round the total number was doubled as a result of questions placed directly on notice. The clearance processes do take a lot longer. People confronted with a folder the size of *War and Peace* are less inclined to get into it, compared to if it is much smaller. I am assuming that questions coming on notice in the context of the actual hearings are likely to be higher priority, and that perhaps we are slowing down the timeliness of our responses by placing very large numbers directly on notice. I am not asking you to respond to that immediately, but I would like the committee to consider how we should be handling that.

ACTING CHAIR—We will note that and I will raise it with the Chair when he returns. It may be that the opposition and government members of the committee can have a short discussion about it before the end of this estimates round.

Mr Henderson—Thank you.

[6.01 p.m.]

Australian National Audit Office

Senator ROBERT RAY—I have two questions: firstly, the Senate referred a request, which the Audit Office took up, to look at all parliamentary and ministerial entitlements. Are you still on track for a 1 July reporting date?

Mr Barrett—It will be tight. We have not been able to make the progress in getting the necessary records at this stage as we had hoped we would, but we still have that date firmly in mind.

Senator ROBERT RAY—We on either side of politics would not like it to come out in the weeks of the federal election, so, if you could desist from that, that would be good.

Mr Barrett—As you would know, I pay no regard to those kinds of issues.

Senator ROBERT RAY—But we do, so take note.

Mr Barrett—When the report is finished, it goes to the parliament immediately—that is the only approach I take in relation to this. But we note that the Senate has raised that as a specific request, and you can be sure that we will make every endeavour to meet that timetable. At this stage Mr Cochrane may be able to embellish that a little.

Mr Cochrane—Yes. I think the Auditor-General has summarised it perfectly. It is a very tight timetable. It is a very complex audit in that it is not only across the DOFA side of managing the entitlements but across all agencies. It is taking us a long time to pull together all the different bits of information that we need to get a comprehensive picture of how the entitlements are managed in a holistic sense.

Senator ROBERT RAY—I am not being critical because I understand the complexity of that task. If we had just left it at looking at DOFA, it would have been a lot more simple, but we wanted it to be more comprehensive. My main reason for asking this is that, when you actually complete your draft report, you will in fact have to send a copy of that, I imagine, to the Department of the Senate, DOFA and all other departments because it is dealing, in one part at least, with ministerial entitlements, so that may well slow the process down too.

Mr Barrett—We still would like to see the 28-day period met. Certainly we will try to streamline processes, like the issues paper where, hopefully, we will bring agencies together and sit down and discuss any issues that come out of the particular audit, so we try to save as much time as we can in that process. But in the actual section 19 time, I would hope that we would stick religiously to the 28 days as best we could.

Senator FAULKNER—On a similar line of questioning, Mr Barrett, I wonder if you could indicate for us the current stage of progress and the estimated time of completion and tabling of the administration of the Federation Fund report.

Mr McPhee—The current program would suggest that it will be tabled by midyear.

Senator FAULKNER—Mr McPhee, am I right in assuming that this will mainly focus on the Federation Fund major projects, given that the Federation Fund Cultural and Heritage Projects program has already been audited? That is an assumption I am making but it seemed a reasonable one in the circumstances.

Mr McPhee—Yes, the emphasis is on the major projects.

Senator FAULKNER—Thanks for that timing. Is it similar with the administration of the Natural Heritage Trust?

Mr Cochrane—Yes. The tabling will probably be in the next two to three months. We are very close to finalising a draft report.

Senator ROBERT RAY—Senator Faulkner, correct me if I am wrong, but there was a discretionary fund available to House of Representatives members, wasn't there?

Senator FAULKNER—Yes. That was the third element of the Federation Fund.

Senator ROBERT RAY—Has that been audited anywhere or is there internal departmental control over that?

Senator Hill—The Federation Fund?

Senator FAULKNER—This is Mr McPhee's Federation Fund, not to NHT?

Senator ROBERT RAY—Yes. Are you looking at that at all?

Mr McPhee—Senator Ray, could I take that on notice and get back to the committee? I know the current emphasis of the current audit is on the major programs element.

Senator FAULKNER—I think that was, in effect, reasonably clear beforehand, and the electorate based funding is the third one; it is the smallest component. Mr Barrett, in terms of timing and progress, the other one that I am interested in is the use of confidential provisions in commercial contracts.

Mr Barrett—That is going along pretty well, but I will ask Mr McPhee to give you the details.

Mr McPhee—We are working to a May date internally, but I would like to say basically by the end of the financial year.

Mr Barrett—Certainly that is what my intention is. When this was raised with me recently, I said that within reason we would try to ensure that that particular inquiry is done before the end of the financial year. We have made substantial progress on it.

Senator FAULKNER—Thank you. That is helpful. I am keen to ask you a couple of questions about a report that has got a bit of publicity recently in relation the administration of Commonwealth road funding. I wonder if you could describe for the benefit of the committee, Mr Barrett, what interaction the Australian National Audit Office had with the Department of Transport and Regional Services in the process of, in the first instance, undertaking the audit and in its preparation.

Mr Barrett—I will ask Mr Cronin, who is the senior executive officer in charge of that audit, to take you through the processes. The normal processes that we do go through with any agency are really to ensure that we have the agency engaged on the audit and that we have a policy of no surprises in the sense that we want to ensure that the agency understands completely what it is that we are seeking and that we get the input of the agency as well. I know that sometimes this has created a little friction for members of parliament in the sense that, while in the first instance we would try to ensure that the coverage of the audit is as we set out, not surprisingly, once we get into the detail of an audit, sometimes things emerge which mean that we do change some aspects of the audit. But, on that basis, I will ask Mr Cronin to take you through briefly what we have done.

Mr Cronin—We started the audit in March 1999. In February 2000, the first of the issues papers started. A series of issues papers were issued. A draft proposed report was issued on 31 October 2000. A revised component of that report was issued to the department on 14 December, and we received comments back from the department on 25 January. A subsequent minor adjustment was made a couple of days later in terms of whether they agreed with recommendation No. 3. We then proceeded into our normal process for tabling the report, and the report was tabled on 8 February.

Senator FAULKNER—Separate to that process, were there any meetings with DTRS?

Mr Cronin—There were numerous meetings and correspondence between February 2000 right through.

Senator FAULKNER—At what level would that have been conducted in terms of DTRS?

Mr Cronin—Generally, at the assistant secretary level.

Senator FAULKNER—So the normal procedures of DTRS being asked to comment on drafts and all this sort of thing took place?

Mr Cronin—Yes.

Senator FAULKNER—And there would be quite a few iterations, I assume.

Mr Cronin—Iterations and clarifications went on extensively. A couple of issues mulled in the background throughout. We had significant changes made.

Senator FAULKNER—Would it be possible to get a list of the precise dates of the iterations to give the committee a feel for the interplay, if you like, between the ANAO and DTRS on this?

Mr Cronin—Yes. We can provide you with a list of when we provided issues papers and responses.

Senator FAULKNER—And perhaps when DTRS provided comments?

Mr Cronin—Yes.

Senator FAULKNER—This just seems to me like the normal iterative process basically that you are outlining. There is nothing special in this particular circumstance, but tell me if that is the case or not the case. It is pretty straightforward, isn't it?

Mr Cronin—This was just a standard procedure. Everything went according to general practice.

Senator FAULKNER—Were there any other departments involved in this particular audit? There did not seem to be, from the report.

Mr Cronin—No, this was a specific purpose. It was just the Department of Transport and Regional Services. There were other departments which were contacted during the audit for clarification.

Senator FAULKNER—But were any other departments asked to comment on drafts?

Mr Cronin—No. No other department was asked to comment.

Mr Barrett—And no request was made of us. That can be done under section 19, as you are probably well aware. I could be asked to consider—a person who we have not sent the draft report to, to get access to that report.

Senator FAULKNER—And that is important. I think we understand, Mr Barrett, in the context that knowledge of this particular performance audit would be bureaucracy wide, wouldn't it? It is hardly a secret society in terms of your work program.

Mr Barrett—No. We have just put an activity statement into the parliament quite recently. We do at least two of those a year, and we put out a draft program for agencies to comment on. It is quite generally well known.

Senator FAULKNER—Were you surprised at the surprise exhibited at the cabinet level in relation to this one?

Senator Hill—I do not know that you are supposed to be surprised or otherwise, are you?

Senator FAULKNER—It is a bit unusual, isn't it?

Senator Hill—It is your job to put down a report and that is it, I would have thought.

Mr Barrett—It is. I am always disappointed if there is inadequate consultation or someone does find out who had some contribution to make. Fortunately, at least since I have been Auditor-General, it has been a very rare case.

But we do try to do everything we can to ensure that people do have access, that they do have the information. It is one of the reasons that, even though I personally have some concerns about the practice, we have agreed to provide a copy of the report, two to three days ahead of actual tabling, to the department and the minister so that the minister can be briefed.

The reason I am apprehensive about that is that there is no parliamentary privilege cover for the draft report until such time as it is actually tabled. Increasingly with the private sector involvement in activities of government, there are concerns, very heavy concerns, about natural justice and personal and private versus public interest. So there are concerns and, in every letter I send to ministers, I do reiterate those concerns and ask them to ensure that the report is kept confidential for those reasons. Clearly, the Commonwealth is exposed in those situations—and really I am also, in the sense that my report is directly to parliament, not to the minister. But obviously I understand the necessity for ensuring that ministers do have the opportunity to consider the final report and to ensure that, as necessary, they can respond to that report in the parliament.

Senator ROBERT RAY—So you can assure me, unlike one of your predecessors, that you never brief journalists before it is put into the parliament? This has happened to me once.

Mr Barrett—I can assure you, Senator, I have never briefed a journalist in that sense, nor do I intend to.

Senator ROBERT RAY—That is excellent because, if you are a minister and you find out every journalist under the sun knows about it the day before it goes down in parliament, I can assure you that it is not a pleasant experience.

Mr Barrett—I think there was only the once that I can recall where we actually had to write—and we are not saying where the blame lay, but there was a problem. I said, 'Look, if this occurs again, all bets are off.' I did not put it that way obviously, but I really said, 'That's how serious it is; we can't really even have one case where this actually does occur.'

Senator ROBERT RAY—In this case it was the Auditor-General himself who did all the briefing; it was no-one else.

Senator FAULKNER—In relation to the case we are speaking of here, the road funding report, did you follow your normal practice of providing separate reports to both department and minister?

Mr Barrett—The final draft report?

Senator FAULKNER—Yes.

Mr Barrett—Yes, and with the separate letters.

Senator FAULKNER—One addressed to the departmental secretary and another to the minister?

Mr Barrett—Yes.

Senator FAULKNER—The time frame for shooting those letters off, I assume, would be identical, would it?

Mr Barrett—They were.

Senator FAULKNER—A couple of days beforehand?

Mr Barrett—Yes.

Senator FAULKNER—Could you give us a precise indication of when they went off, please?

Mr Barrett—6 February.

Senator FAULKNER—And the report became public on the 8th?

Mr Barrett—Yes.

Senator FAULKNER—Can you indicate whether you have had any formal response from the minister in response to your letter?

Mr Barrett—Not to my knowledge. I will ask Mr Cronin, but certainly I did not. We do as a matter of course offer a briefing on any audit, if that is required, basically to make sure that, as we do with the press, the audit manager will only answer comments on factual material; we do not report twice. For the same reason we do offer that service to say, ‘Look, if any explanation is required, we’re happy to provide that.’

Senator FAULKNER—That is offered in your letter?

Mr Barrett—Letter, yes.

Senator FAULKNER—Was it taken up by the minister, the minister’s office or the department?

Mr Barrett—Not to my knowledge—and my auditors.

Mr Cronin—No.

Senator FAULKNER—Thank you very much for that. Subsequent to the publicity that has surrounded that audit, has any agency or department asked you for any further advice? I do not know whether you would be aware of this, but there is some form of informal IDC. I am trying to accurately reflect the evidence that we received this morning. I wondered if there had been any engagement with the ANAO.

Senator Hill—Discussing the issues and the appropriate response—that was the evidence given this morning, as I recall it.

Senator FAULKNER—Yes. I do not want to put an unfair spin on the processes that have been established. My question for Mr Barrett is: after the tabling of the report, was there any consultation with or involvement by any agency or department with the ANAO about specific matters raised in the audit?

Mr Barrett—I had a request from the secretary of Transport and Regional Services to make the auditors available to give explanations of the audit findings the Sunday before last—the 11th.

Senator FAULKNER—Did you agree to that request?

Mr Barrett—I agreed on the basis that my standard procedure is that none of my officers form any part of an interdepartmental committee. But, like the manager of any audit, they are there to answer any question from any parliamentarian, including the press and ministerial officers, on any factual matter in the report—nothing more, nothing less. They were not to be part of any advising; they were simply there to answer any questions on the audit.

Senator FAULKNER—Given that you agreed to the request with the qualifications that you have outlined to the committee, did the officers actually give that briefing?

Mr Barrett—The two officers concerned are here today. They are Mr Cochrane and Mr Cronin. I will leave it to them to respond.

Mr Cochrane—The short answer is yes. We attended a meeting on the 11th just to clarify the recommendations made in the report and what the implication was.

Senator FAULKNER—This was on 11 February?

Mr Cochrane—Yes.

Senator FAULKNER—What day of the week was that?

Mr Cochrane—Sunday.

Senator FAULKNER—So you lost your weekend?

Mr Cochrane—In part.

Senator FAULKNER—You lost part of your weekend. Where did you go to give that briefing?

Mr Cochrane—The offices of Prime Minister and Cabinet.

Senator FAULKNER—Apart from that, Mr Barrett, there was no other involvement?

Mr Barrett—Not with me at all, but I would have to check.

Mr McPhee—It was really a part of the same meeting or an extension of it. I spoke to the Secretary of the Department of Transport and Regional Services on the same day at the end of that process.

Senator FAULKNER—Thank you for that. I have another question about the potential work program. There was a suggestion that training arrangements in the APS could be a ‘potential audit’—I think that is how it was described. Did that go anywhere, or has that one been dropped from the team?

Mr Barrett—It is not in the audit program that I remember.

Mr McPhee—It is not in the current program. We are certainly doing something on work force planning but not on training per se.

Senator FAULKNER—Is it fair to say that that one has been dropped and that there is no intention to look at that issue? It is my recollection that it was described as a ‘potential audit’.

Mr Barrett—Training has always been around on an audit calendar. As you know, except in the Senior Executive Service, training is basically the responsibility of individual agencies. In a devolved authority situation we would want to have a look at it from more of a whole of government perspective, which means that we would have to take it with a combination of agencies that reflected reasonable experience across the Public Service just to see what was happening in relation to training per se. As you know, there has been less focus on process itself. This is an input oriented issue. The wider emphasis in the Public Service in recent years has been on the issue of personal development, of which training was just one part. If we were thinking about doing an audit on expenditure in this area, particularly on the issue that came up with the Joint Committee on Public Accounts and Audit and also with the recent ACPAC conference on corporate knowledge and the retention of corporate knowledge in the Public Service, I would be suggesting that the combination of personal development in association with retention of corporate knowledge might be a much more beneficial use of the resources of the office. There has been, as you know, a concern expressed by individual members of parliament, including in committees, about what is being done in agencies to ensure that there are recruitment and retention programs that will ensure that agencies have the right staff in the right place at the right time.

Senator FAULKNER—Thank you for that. The only other thing that I was going to mention to you was a letter, and I have just found it, that I sent to you back in 1999. It was dated 12 August 1999 and included my request to you in relation to an audit of the Commonwealth government’s Federation Fund program that included the Federation Community Projects program, which is the small program, I think just under \$30 million.

Mr Barrett—That is correct.

Senator ROBERT RAY—I do not read all of the audit reports, and I know that will disappoint you, but have you done an audit of Employment National?

Mr Barrett—We have done audits in that area.

Mr Cronin—Senator, we did an audit late last year into the monitoring of Employment National as a GBE but, as a GBE, Employment National is generally outside our coverage of the act unless it is directed by a minister or parliament so chooses. Its status as a GBE limits us so what we covered there was the department’s monitoring of Employment National.

Senator ROBERT RAY—It is just that previous audit reports somewhere in the mists of time had some very firm and I thought enlightened views on letters of comfort.

Mr Cronin—That was guarantees, indemnities and letters of comfort, yes.

Senator ROBERT RAY—Now the government has given a letter of indemnity to the then directors—I assume it also applies to the new directors—and there have been ministerial directions as to behaviour. The losses will run into several hundred million dollars. I just wondered if that sparked your interest. You have to be requested?

Mr Barrett—For a government business enterprise that is correct, under the new legislation. So I do not have the ability to determine that I do performance audit there. Of course, if the Joint Committee on Public Accounts and Audit so wished, they could ask me to do an audit of that. But we do keep an eye on that in our financial statement audits, of course, and we have had, as you rightly said, two audits now in this area in which we have heightened the profile of these less direct financial instruments, if I could describe them that way.

Senator ROBERT RAY—Thank you.

Senator BRANDIS—Mr Barrett, I just want to ask one question about the road funding report. The report makes a finding that there had been an underspend of some \$2.9 billion from the Australian land transport development reserve. As I read the report, that conclusion is arrived at on the basis of a view taken by the author of the report as to the operation of relevant sections of the Australian Land Transport Development Act.

Mr Barrett—That was my view.

Senator BRANDIS—I only have one question: was any legal advice taken by the author of the report in arriving at that view?

Mr Barrett—Yes, we did get legal advice about that basically because, as you are indicating, there was a difference of view about the application of the act. In my opinion, and as I hope an experienced public servant used to interpreting legislation, it seemed to me that the legislation was quite clear in its intent—but then again I am not a legal expert, so when we were not able to get the explanations from the department we did seek legal advice, which we got.

Senator BRANDIS—From whom was that legal advice sought?

Mr Barrett—The Australian Government Solicitor.

Senator BRANDIS—And did that legal advice underlie the conclusion expressed in section 3 of your report?

Mr Barrett—It did.

CHAIR—Thank you very much.

[6.32 p.m.]

Public Service and Merit Protection Commission

CHAIR—I call for general questions to the Public Service and Merit Protection Commission.

Senator FAULKNER—Ms Williams, I was going to ask you in a little bit more detail about the Audit Office's proposed 2000-01 work program for your potential cross-agency audits, which is the training arrangements in the APS. You may well have been aware of this: I did ask Mr Barrett whether that is likely to proceed and I get the distinct impression it is at best on the back burner. I think it is on the back burner with the gas turned down pretty low. I was going to ask you whether you recall what the Auditor-General said about training arrangements in the APS in the audit work program. You may not. It might be better to ask you on notice if you might care to reflect on that, given that I now do not see that this is anywhere near as urgent a priority for this committee in view of Mr Barrett's comments in relation to the likelihood of it progressing in the near future. Would that be a reasonable thing—to ask you for your considered response?

Ms Williams—Yes, we will do that.

Senator FAULKNER—I does not have to be long. I would just be interested in any views you might have on the Auditor-General's comments in the audit work program. I did note specifically that the ANAO calculated an expenditure of \$120 million on APS training for the year 1997-98. I wonder whether PS&MPC would actually be comfortable with that figure—whether you would think that it would be a reasonable figure?

Ms Williams—I think we would have to come back to you as part of our other comment on that.

Senator FAULKNER—That is fair enough; I appreciate that. In coming back to me, would you mind letting me know if there are any more recent figures available? That is the last one I have been able to nail down, but I am not very expert on these sorts of things, and I am sure you will be able to do a lot better. If you could, I would appreciate that.

Ms Williams—We will take that on.

Senator FAULKNER—Specifically, I have asked you to look at what the Audit Office has said, but I have a couple of points. The Audit Office expressed some concerns about training in the APS. It said:

The outcomes of expenditure on training are unclear, in particular whether there is any formal and ongoing evaluation of the training programs against their original objectives.

Again, you might care to do that. This is contained in the statement.

Ms Williams—We can come back on that. Of course, we have an ongoing evaluation of our own programs, but now in the devolved environment there is considerable training that does not involve us. Agencies train often by their own providers, or they contract providers. We can certainly give you details on our own training. We probably would not have much information on what happens elsewhere in the APS.

Senator FAULKNER—I have asked you to have a look at the Auditor-General's work program—specifically that point about outcomes of expenditure, the Auditor-General's comments about questions about the return that individual agencies or the wider APS get on their investment in some of the more expensive training programs—for example, the SES training and graduate programs, would be useful. The comment that it may be possible to benchmark training costs in the APS with those in the private sector would also be interesting. You might have a look at that and let me know if anything has been done, or is being done, to address those concerns. That would be useful.

Ms Williams—We will get back to you on that.

Senator FAULKNER—I want to congratulate the commissioner and the PS&MPC again on the *State of the Service Report*. These reports are very comprehensive and very valuable. There are a very useful compendium of information about the Public Service, along with the statistical bulletin. They are also commendably objective. I thought that while we have the commissioner at the table I might place on record. On that happy note, everyone can go and have their dinner!

Proceedings suspended from 6.38 p.m. to 8.03 p.m.

CHAIR—We will resume questioning with the Office of the Commonwealth Ombudsman.

Senator ROBERT RAY—I just ask Mr Winder to pass on our best wishes to Mr McLeod.

Mr Winder—I will.

Senator ROBERT RAY—As he is a Port Melbourne boy I would have expected him to have been here already, but if you could pass on our regards.

Mr Winder—Thank you. I will. He is due to come back from hospital on Wednesday, so he is quite well and should be fine.

Senator FAULKNER—I want to ask a couple of questions about a matter I actually raised with Mr McLeod during the previous estimates round. It goes to this question of the funding

of the special tax adviser. Have you seen the evidence from the last estimates committee hearing?

Mr Winder—Yes, I have, and you have received a written response from Mr McLeod which gave some greater detail for you.

Senator FAULKNER—Yes. I am still perplexed about this question of funding of the Tax Ombudsman. I might say I am more perplexed having read some recent BRW articles about this issue. I refer to pages 40 and 41 of the transcript of the last estimates hearing. Mr McLeod said:

But I find the suggestion that the Commissioner of Taxation has some capacity to interfere with the level of overall budget funding provided to my office to be a fairly extraordinary allegation.

I must say that is not an allegation I was making, of course. It was that issue that we were canvassing. The Tax Ombudsman is funded at the level of \$200,000 per annum, I think. Is that right, Mr Winder?

Mr Winder—No. That is not true. That is the additional funding that we received from the ATO to assist us towards our contribution to the GST and new tax system. That is not the total funding for the Tax Ombudsman's activities.

Senator FAULKNER—Okay. So there is tax investigation funding for the ombudsman from the Australian Taxation Office at the level of \$200,000 per annum. Is that a better way of describing the situation?

Mr Winder—Yes, there is for two years—last year and this year.

Senator FAULKNER—It is true, is it not, that direct appropriation funding of the ombudsman's office, as opposed to funding from agencies that might be being investigated, has always been a fairly fundamental principle—crucial for the actual and perceived independence of the ombudsman? Would that be fair?

Mr Winder—I think in general principle, yes.

Senator FAULKNER—So what is the \$200,000 per annum that comes from the tax office used for?

Mr Winder—The ombudsman raised with the tax office whether there was a possibility of some funding for the first two years in order to assist in the overall development and in the initiatives of the new tax system, the GST, on the grounds that the ombudsman's office would probably have a significant increase in complaints. In dealing with these complaints the office was going to be able to assist the government in the way in which the new initiative was going to be able to be undertaken, because the complaints come to us. Where there are administrative issues that we can identify and talk to the tax office about and have them addressed for taxpayers and to assist the tax office, this was a useful contribution.

Senator FAULKNER—But do you have someone there officially called a special tax adviser?

Mr Winder—Yes, we do. Catherine McPherson is normally the Special Tax Adviser. At the moment, because we are all acting in different positions, she is acting in my Deputy Ombudsman's position. But Catherine McPherson's position is the Special Tax Adviser.

Senator FAULKNER—I actually called that the Tax Ombudsman, probably incorrectly. I should have called it the Special Tax Adviser.

Mr Winder—That is right. The ombudsman is the Tax Ombudsman.

Senator FAULKNER—Yes. Do the funds from the Australian Taxation Office, the \$200,000 per year, go to funding the Special Tax Adviser?

Mr Winder—The answer is that they are quite a lot less than the actual costs of us dealing with the GST new tax complaints. I refer to the number of complaints we have had this financial year, for example. In the first half of the year we had 686 complaints, which represented about 6 per cent of all our complaints for the first six months. Taken as a proportion of our total complaints and multiplied against our total expenditure or available resources, that works out at about \$520,000. So the \$200,000 is a contribution, and that is all.

Senator ROBERT RAY—Which other departments contribute in a similar way?

Mr Winder—No other departments contribute in that way. When departments ask us to consider a matter for them, then they might pay for some of our travel expenses.

Senator ROBERT RAY—But that is a specific reference, isn't it?

Mr Winder—Yes, that is right.

Senator ROBERT RAY—That is not analogous to the tax office?

Mr Winder—No. The only other payment of that nature which is again not analogous is that we get paid directly by the ACT government as acting as the ACT Ombudsman.

Senator ROBERT RAY—I would have thought the normal process would be that if you have an expected lift in work rate because of the introduction of the new tax system you would submit through the Expenditure Review Committee a case for increased expenditure to cover that workload. Was that done?

Mr Winder—No, it was not done. The Department of Finance and Administration was fully across the arrangement and facilitated it, of course.

Senator ROBERT RAY—They may have been across the arrangement, but I would have thought there was a far more appropriate way, because that is the normal funding process for government agencies—arms-length ones like yourself—rather than have a department about which you are dealing with complaints funding it. I would have thought that was a normal process of government to do it that way.

Mr Winder—I think that would be normal. I think the arrangement came about because it was such a small amount in the general scheme of things in relation to the taxation initiative. But it was more easily effected in this way.

Senator ROBERT RAY—But it is such a small amount. I would not have thought it would have been that much trouble, Minister: going through the ERC and being approved by government as an increase in an agency's expenditure to deal with problems—I am not being critical here—that in a new system would naturally occur. I cannot understand why it is necessary for the tax office—

Senator Hill—It is in effect a short cut. The danger is that the community complainant feels that the ombudsman might be somewhat compromised in pursuing the case because of the funding from the party whose conduct they are investigating.

Mr Winder—That could be the perception, I agree, but I think it is a misplaced one in the event that we have been extremely rigorous in the way in which we have looked at these particular complaints.

Senator Hill—I am sure you are, but it is the perception.

Senator ROBERT RAY—I am not saying there is a conflict here, and I do not even know if there is a perceived one. I just find it a strange way in the government processes, in my limited understanding of them, that it would be done in this particular way rather than by the normal route in which there would never be a suggestion of conflict of interest.

Mr Winder—The first \$200,000 was provided during the middle of the financial year last year, and it was recognised again this year in the PBS as external funding. It was made perfectly clear in our annual report—it was quite transparent where the funding had come from—that it was needed at the beginning of the tax initiative, which was before it could have been made available through the budgetary processes.

Senator FAULKNER—Yes, but the problem is—and we touched on this in the last estimates round, Mr Winder—that some might not think it appropriate for the Australian Taxation Office to be funding tax investigation functions of the Ombudsman's office. I do not, but that is just my opinion. I do think there is a serious issue here of a perception—at a minimum—of a conflict of interest.

Mr Winder—I do understand that, and I can understand some people having that perception. My preference would certainly be for it to be provided in the normal budgetary processes, but that is how it occurred and I think those were the reasons why it occurred.

Senator FAULKNER—Yes, but it goes back to what I was asking before. Where agencies or departments are being investigated, hasn't it always been crucial to have certainty about independence from those agencies as far as the Ombudsman's office is concerned?

Mr Winder—Absolutely.

Senator FAULKNER—We do not have that in this situation.

Mr Winder—Certainly the Ombudsman was satisfied that he was able to maintain his independence in this instance.

Senator ROBERT RAY—What about the given? You could be certain in your own mind; how could you be certain of the motives of those who give you the money?

Mr Winder—I would believe that the commissioner would certainly believe that we were being independent in the way in which we have conducted ourselves in this matter.

Senator FAULKNER—But I was previously advised that the Australian Taxation Office was not involved. If I look at the transcript of evidence of the last estimates round, I see that the Australian Taxation Office was not involved in the funding of the special tax adviser function of the Ombudsman's office.

Mr Winder—The taxation commissioner was not involved in a decision making process, but when the function first started the taxation commissioner was consulted in the general consideration back in 1994-95 I think it was. Subsequently, the then Ombudsman, Philippa Smith, wrote to the commissioner in the context of the review in 1996-97 before the funding was actually rolled in. Before that, it was separately identified, but it was rolled into our global funding in the budget context in 1996-97 and the commissioner was, amongst a significant number of other people, asked for his views about the continued funding of the function, but I would not go so far as to say at all that that was instrumental in the way in which the office was funded.

Senator FAULKNER—But you do accept that the special tax adviser in the Ombudsman's office is funded by the Australian Taxation Office? That now is not in argument?

Mr Winder—No, the \$200,000 comes from the Australian Taxation Office.

Senator FAULKNER—To fund the special tax adviser.

Mr Winder—To fund the Ombudsman's activities.

Senator ROBERT RAY—Part of which—

Mr Winder—Part of which is the special tax adviser. All the money is under the general direction of the special tax adviser, yes.

Senator ROBERT RAY—Where is the special tax adviser recruited from?

Mr Winder—From the tax office.

Senator ROBERT RAY—From the tax office.

Mr Winder—1998.

Senator FAULKNER—I have a copy here of a receipt which I assume is an Ombudsman's receipt—your office receipt, No. AZ46237, account 91. I can give you a copy of it, if you would like.

Mr Winder—I hope we have got a copy.

Senator FAULKNER—We can give you a copy of it: account 91, received from Australian Taxation Office, EFT deposits trust account—whatever that is. Details: ATO GST funds for special tax adviser. Amount received: \$200,000.

Mr Winder—There is no question that the funds are for the Ombudsman's office. The fact that the details are described as for the special tax adviser is just for an element of the Ombudsman's office.

Senator ROBERT RAY—Which is why I asked the question in the mind of the giver, not necessarily the receiver.

Mr Winder—I cannot speak for the way in which the accounting process in the tax office works, but we certainly received the money and we received it from the Australian Taxation Office for the Ombudsman.

Senator FAULKNER—Mr McLeod told me—this is on page 40 of the last estimates—in response to my question: what about the Australian Taxation Office:

The Australian Taxation Office does not have any formal role at all ...

I asked:

Does it have an informal role?

Mr McLeod responded:

I used that word advisedly, I suppose. Anyone of influence can try to seek to influence someone else who may be a decision maker.

He then went on to say:

The only involvement that occurred—which, on reading the papers, I believed was entirely appropriate at the time—was for the Commissioner of Taxation to be involved in giving his advice to other parties on what he considered to be the level of resourcing of an upgraded taxation function in my office and what it might mean in terms of dollars and cents.

My point is that this is actually paid for by the Australian Taxation Office. This is more than informal, this is more than formal; this is a direct amount of money coming from the

Australian Taxation Office to the Ombudsman's office for the special tax adviser. It is open and shut.

Mr Winder—For this function.

Senator FAULKNER—I do not think that quite fits with the understanding I was left with after the last estimates, but perhaps you could reflect on that evidence, Mr Winder.

Senator Hill—If you interpret that to mean that Mr McLeod was satisfied that there was not any influence—that he was independent in his operation—I think that is a reasonable interpretation, as you read it, Senator Faulkner. I do not think it specifically referred to the funding arrangement.

Senator FAULKNER—I cannot ask Mr McLeod as he is not here, as I normally would, as we all appreciate. I am just trying to get to the bottom—

Senator Hill—I think the facts are now clear; they may not have been clear in the past. There was clearly some direct funding and has been for some years. I presume the tax commissioner thought that it is a useful investment in having the Ombudsman's office better equipped to deal with these particular issues.

Senator FAULKNER—I bet he does. That is the whole point.

Senator Hill—But you should not necessarily interpret it that in some way the Ombudsman will do a lesser job when it comes to the crunch.

Senator FAULKNER—I am not suggesting for one moment any wrongdoing here. Do not misunderstand what I am saying. My concern here is the fact that this arrangement leaves itself wide open to the perception of a conflict of interest, because you have the Australian Taxation Office paying for a Special Tax Adviser, and the Special Tax Adviser, who incidentally—as Senator Ray has established; I think we understood that from the last estimate rounds—comes from the Australian Taxation Office, is responsible for coordinating that function of the Ombudsman's office. The risk there is that a reasonable person might conclude that that might lead to a conflict—or the perception of a conflict—of interest. You cannot say that that is an outlandish conclusion for someone to jump to. I am not saying that I am jumping to it; I am not.

Mr Winder—I accept that. I think that it is a conclusion that some person might jump to. I personally believe that it is incorrect. Would it help the committee if I tabled Cathy McPherson's letter to the tax office in relation to these funds, because this explains the request for the money and where it was—

Senator FAULKNER—I do appreciate that Ms McPherson, who is at the table, is also the Special Tax Adviser and the Acting Deputy Ombudsman, but these issues go more to the principle as opposed to the individuals who happen to fulfil those particular responsibilities at any time.

Senator ROBERT RAY—It is still difficult to understand. The tax commissioner obviously wants the Ombudsman's office to handle some of these complaints—not nobble it, but handle them—and I understand that. But I would have thought that with the tax office's—and therefore, almost implicitly, the Treasurer's—support, there is no reason why the department of finance would oppose an increase in funding. You are in the Department of PM&C. You have got all the ducks lined up. I cannot understand why initially the decision is not taken and an advance given to the minister of finance for the first part of the funding and then through the normal budget processes. It seems to me a lot cleaner exercise. I am sure if

Centrelink suddenly thinks they want to help you out—where does it end? They give you \$200,000 to deal with things, and then the defence department gives you also the defence ombudsman. It seems to me a lot cleaner line of administration just to take it through the normal processes.

Mr Winder—I do not disagree with you.

Senator ROBERT RAY—I know the tax office has had a lot of money sloshing around. They spent \$647,000 on those dopey freeway signs, so I can understand that they were pretty flush at the time.

Senator FAULKNER—Did I hear you say, Mr Winder, that this figure of \$200,000 was being at this stage paid for a two-year period?

Mr Winder—\$200,000 a year for two years.

Senator FAULKNER—When is the two years up?

Mr Winder—The second year has just finished, so we have received the second amount.

Senator FAULKNER—Which is—

Senator Hill—Finishes mid-2001.

Senator FAULKNER—So at the end of financial year 2000-01.

Mr Winder—Yes. In effect, it will be used by us, as it were, on a calendar year basis, but we have had \$200,000 this financial year and we had \$200,000 last financial year.

Senator ROBERT RAY—I see. So you get it within the financial year but it is covering calendar year periods.

Mr Winder—In effect that is what has happened, because we did not get it until about December both times.

Senator FAULKNER—Is there any suggestion that this money might be provided on an ongoing basis?

Mr Winder—I would love to think so, but there is not a suggestion, no.

Senator FAULKNER—So there are no arrangements or negotiations or—

Mr Winder—No.

Senator FAULKNER—So it is all pretty tenuous.

Mr Winder—And certainly—

Senator Hill—If it were to pay for the chief tax adviser in the future.

Mr Winder—As I said—

Senator FAULKNER—That means the Australian Taxation Office can pull the rug out from under the Special Tax Adviser. Let us assume that the Special Tax Adviser's role is an extremely important one in this regard, and I am happy to accept that—certainly willing to accept it for the sake of the argument—and, bingo, at the whim of the Australian Taxation Office, the rug is pulled out from under this really important function of the Ombudsman's office. This is the problem with this sort of arrangement.

Senator Hill—That is not quite fair, because when you read the letter—

Senator FAULKNER—I have not seen that.

Senator Hill—the tax commissioner has made it clear that the funding was just being advanced for two years. So to an extent the rug was not going to be there after two years, and that appears to have been so from the beginning.

Senator FAULKNER—That is the problem with this sort of funding arrangement, isn't it?

Senator Hill—It is slightly different from you saying that the tax commissioner can pull the rug at any time.

Senator FAULKNER—It is at the whim and discretion of the Australian taxation commissioner.

Mr Winder—If I may—I think that the situation is that, if it is clear that this level of complaint in relation to the new funding—which we assumed would be a bit of a surge to start off with—were to continue, we would certainly have to go to the government to see if we could make this arrangement permanent. But at this stage, whilst we have a significant number of complaints, and we have recently written to the commissioner to explain to him how we have handled these complaints and the number of administrative deficiencies that have arisen from dealing with them, if this were to continue, we would certainly have to go to the government for ongoing funding.

Senator FAULKNER—Tell me this: is there any agreement in place regarding the provision of this money, in the sense of a written formalisation, some formalisation, of the terms and conditions of the funding that actually goes to this issue of safeguarding the proper independence of the Ombudsman's office?

Mr Winder—The only formal correspondence in relation to this matter is the letter that we have given to you.

Senator FAULKNER—Sorry, that is this one that Ms McPherson has signed?

Mr Winder—That is right.

Senator ROBERT RAY—On that one, I would have thought paragraph 3 would have enabled an answer to an earlier question from Senator Faulkner to be answered even more directly than we have had tonight. Isn't it quite explicit?

I understand that the Commissioner has agreed to provide 200,000 for each of the 1999/2000 and 2000/2001 financial years to the Commonwealth Ombudsman to assist resource the Office of Special Taxation Adviser to handle GST related complaints.

It is pretty explicit, isn't it?

Mr Winder—I am sorry if I did not explain it better earlier.

Senator ROBERT RAY—I am still not sure that this one issue—I think it could have been two ships passing. What Senator Faulkner has asked is: is the money there for the Special Tax Adviser to handle GST matters? You seem to be saying just a little broader than that, that it is to handle GST matters.

Mr Winder—The Special Tax Adviser is a function within the Ombudsman's office, and it is the only function that deals with taxation matters.

Senator ROBERT RAY—Is that just one employee who deals with it?

Mr Winder—No, there is a team that deal with it, and there would be members of the office more generally, for example, in the states who would pick up initially taxation complaints in the various states and would refer them back to the team if it was necessary, if it was serious enough.

Senator ROBERT RAY—Yes.

Senator FAULKNER—I just want to come back to this question about safeguards. I hear what you say about this being the only documentation that is in existence. Was any thought given in this circumstance to see if an agreement could be reached that did defend and protect the independence of the Ombudsman's office? Why couldn't a person jump to the conclusion, without such an agreement, that there are no proper safeguards in place? Even a reasonable person might jump to such a conclusion.

Mr Winder—Again, I can understand that. There was not anything discussed or agreed in relation to that kind of an agreement. We believed—and I believe we have done this—we identified very transparently what has happened in our annual report, and that, I think, has clarified the situation for anybody who would wish to read it.

Senator FAULKNER—Mr Ross is the Director of Corporate Services in the Ombudsman's office, isn't he?

Mr Winder—He was.

Senator FAULKNER—Sorry about that. It is hard to keep up with all the staff changes. Mr Ross, who had obviously at the time responsibility for the cash flow budget, sent an email dated 20 October 2000 to you, didn't he, Ms McPherson, saying:

I am presently finalising the cash flow budget for the next three months with Duesburys and I would appreciate your advice as to when you expect to receive the \$200,000 for this financial year. You may recall that I alerted you to the ATO requirement for an acquittal for the 99/2000 payment before they were prepared to release this year's funding. This information came from Tony Fenetti of the GST division of ATO. My recollection of our conversation, which was over six weeks ago, was that you were going to ask Diana—

whoever that is—

to follow up with ATO what exact operational information they required in respect of the 99-2000 year.

And then it says:

We are currently earning around 6.5% on our surplus cash so the interest being foregone on the ATO cash amounts to around \$1,083 per month, a tidy sum I am sure you will agree.

Perhaps you could also clarify for me whether the ATO money attracts GST.

Do you recall that email?

Ms McPherson—Yes, we do.

Senator FAULKNER—Did you have a bit of trouble getting your hands on the dough from the Australian Taxation Office?

Ms McPherson—There was certainly a delay in the money coming across.

Senator ROBERT RAY—You should have called yourself an advertising agency.

Senator FAULKNER—Does the funding attract GST? Do we know that?

Ms McPherson—I cannot recall, but I do not think so.

Senator FAULKNER—It is something that you would hope the Australian Taxation Office would know.

Senator ROBERT RAY—We know where to make a complaint.

Senator FAULKNER—I am terribly impressed that the Ombudsman's office wanted to put the 200 grand on the short-term money market to try to see if you could clip an extra 6.5 per cent. That is terrific. Full marks for initiative.

Mr Winder—As you would know, Senator, we try to put aside any cash that we receive from whatever source in the marketplace in order to increase our resources.

Senator ROBERT RAY—Would the department of finance look at that and try to clip it back off you? I know you are wearing several ex-hats here.

Mr Winder—My ex-hat in this case would, I think, recall that the department of finance removed some money from each agency on the grounds that they were going to be able to do this. So I do not know if we are ahead.

Senator ROBERT RAY—So you have already paid the penalty. You are just getting square. That is what you are saying.

Mr Winder—I am trying to get more than square, but I think that we have already paid some penalty.

Senator ROBERT RAY—In the midst of time, probably.

Mr Winder—Yes.

Senator Hill—I was just going to say that it seems to me that this was funding provided for a short period of time—two years—to help with what was expected to be a surge of issues associated with a new tax system. If there is an ongoing demand, then the decision for the future has got to be made as to how it is to be funded. There is certainly a view being expressed in this committee tonight that there is a danger, at least in perception, if the Ombudsman's office is being funded in relation to a taxation complaint by the Commissioner of Taxation. I will ensure that the government takes that view into account.

Senator FAULKNER—I did want to ask about the filling of the position—not in relation to the selection processes but just the issue that we canvassed previously about the assurances that I was given about SES band 1. I do not want to address this with Ms McPherson. I have no doubt that she would have had that part of the transcript drawn to her attention. It is true, isn't it, that the Ombudsman's office at the time of the establishment of this actually did put a case to government that an SES—and only an SES band 2 level appointment—was appropriate, as I understand?

Mr Winder—I will seek to see whether Catherine has some better background information.

Senator FAULKNER—No, I do not want to ask that. I might actually progress this when Mr McLeod is back in harness. Again, this does not go to the individual in the position; it goes to the principles about the status of the position and its acceptance in terms of the role and function of the Special Tax Adviser. I think that we can deal with it in the next round.

Mr Winder—You want a more in-depth explanation than Mr McLeod gave you in his response to you on that particular matter?

Senator FAULKNER—I just want to come back on some of those issues given, as I say, that I am sensitive to the fact that Ms McPherson is currently the Acting Deputy Ombudsman. As I say, this does not go to the individual in this case—Ms McPherson happens to be the Special Tax Adviser—it goes to the general principles, which I have canvassed before, about whether it should be an outside appointment and so on and so forth. I will do it the next time,

I think. I will do it in the next round. I will flag it with you that we might come back and address that issue.

Mr Winder—If there is anything that I can assist you with, I would be very happy to do so.

Senator FAULKNER—We will do it in the next round. I want to ask a couple more questions if I can, Mr Winder, but not on that particular issue. Again, something that I raised previously—in this case with Mr McLeod—was the individual case of the tax agent that was referred to at pages 42 to 43 of the Ombudsman's 1998-99 annual report. Do you recall that evidence, Mr Winder?

Mr Winder—I am sorry, I do not. I was hastily looking through the page that you were describing before, but I think my pages are different.

Senator FAULKNER—You may or may not be aware of this case. Mr McLeod—I am not critical—was well aware of this. I think, from memory, we described him as tax agent X. Again, if you are not aware of the detail of that—

Ms McPherson—Senator, I think that I am. Are you referring to the 1998-99 annual report?

Senator FAULKNER—Yes, I believe so. Did I say 1998?

Ms McPherson—No, that is right. I was not sure what page you were referring to.

Senator FAULKNER—The 1998-99 annual report, pages 42 and 43.

Ms McPherson—Yes, I am aware of that.

Senator FAULKNER—It is under the subheading 'Improper access to information'. I might raise this at the next round, I think, Mr Winder, because of the nature of the evidence and the discussion that took place with Mr McLeod previously.

Senator ROBERT RAY—You might take on notice, though, in dealing with that case, whether tapes were made available of conversations by the complainant and the tax office, especially in relation to certain threatened actions by a female tax officer. I would have to say that it is physically impossible; nevertheless, it is very colourful. I do not know if those issues were raised with the Ombudsman's office in that case and I would like to know. Could you take it on notice.

Mr Winder—I do not recall them being raised, but we will take that on notice.

Senator FAULKNER—We will come back to this at a later stage.

Mr Winder—Excuse me, Senator, are you sure that we cannot deal with it? Ms McPherson will deal with it now, if you like?

Senator FAULKNER—If you go to question on notice, *Hansard* page F&PA 28. My question is:

Isn't it true that in the past year you handled 339 complaints whereas—
Have you got that?

Mr Winder—Yes.

Senator FAULKNER—If you go to page 5, it states:

Handling complaints is only part of our work, of course. Our investigation of systemic problems and the effort we put into these kinds of investigations is not revealed in our raw complaints statistics.

In the case of individuals' taxation on pages 42 and 43 of the 1998-99 annual report, is that an example of what you call an investigation of systemic problems?

Ms McPherson—There were certainly issues in that investigation that brought to light concerns we had about systemic issues.

Senator FAULKNER—So it is or it is not?

Ms McPherson—It is.

Senator FAULKNER—It is. The parliament has provided very far-reaching powers to the Australian Taxation Office, and it has clearly expressed a requirement that an individual's privacy is to be protected. Isn't this exactly the sort of important case that the Ombudsman's office ought to take up?

Ms McPherson—Yes, it is. Yes, we did.

Senator FAULKNER—I'm sorry?

Ms McPherson—We did investigate.

Senator FAULKNER—Do you think it would be just as important for the Ombudsman's office to follow through with a serious case like this to ascertain whether the Australian Taxation Office had put in place proper procedures to deal with a case such as this, perhaps in the future, and also to ensure that the Taxation Office had taken every measure possible to reverse the harm that one of its employees had caused through the improper use of taxpayer information?

Ms McPherson—If that was what we determined was the case, yes.

Senator FAULKNER—What about making every effort to properly compensate the wronged party for damage caused through the inadequate supervision of its employees?

Ms McPherson—In the issues of compensation on this matter I recall that an agreement was made by the ATO to consider compensation. We put it to the complainant that they take that up with the ATO and work through what an appropriate compensation claim would be. If out of that process they were not satisfied, we would have then been prepared to have another look at it, but it was a matter then between the complainant and the ATO to work through the compensation claim.

Senator FAULKNER—But if you had an involvement to try to get a satisfactory conclusion to this sort of case it becomes even more important, does it not, when you have got a case like this unresolved for some five years?

Ms McPherson—I do not believe it was unresolved for five years. In fact, it was a matter that was completed initially before my involvement in the office.

Senator ROBERT RAY—I think what Senator Faulkner said is that there is a matter unresolved between the tax office and the individual, not the Ombudsman and the complainant. Isn't that right?

Senator FAULKNER—Between the tax office and the individual?

Senator ROBERT RAY—Yes. It has been going for five years at that level.

Ms McPherson—There are some ongoing issues with this which make it a bit difficult to comment on without going through the detail of that. I have not sought the complainant's advice on whether to discuss this publicly, and I would prefer not to in the circumstances.

Senator FAULKNER—I will progress this issue at the next estimates round. I think Mr McLeod is aware that I am taking some interest in this particular case. There are some very perplexing and interesting aspects to it. You might flag that with him, Mr Winder—

Mr Winder—Yes, I will.

Senator FAULKNER—or Ms McPherson, that we will come back and address it, as we did last time, in some more detail in the next round?

CHAIR—Thank you very much, Mr Winder and Ms McPherson. There being no further questions, that brings us to the end of the examination of the Prime Minister's portfolio. For the record, I remind you that the committee has set 23 March 2001 as the date for the submission of written answers to questions taken on notice. I again thank the officers for their attendance.

[8.49 p.m.]

**RECONCILIATION AND ABORIGINAL AND TORRES STRAIT ISLANDER
AFFAIRS PORTFOLIO**

In Attendance

Senator Hill, Minister for the Environment and Heritage

Department of Reconciliation and Aboriginal and Torres Strait Islander Affairs

Mr Peter Vaughan, Executive Coordinator

Aboriginal and Torres Strait Islander Commission

Mr Mark Sullivan, Chief Executive Officer

Mr John Kelly, National Program and Network Manager

Mr Phil Donnelly, National Program and Network Manager

Mr Colin Plowman, Registrar, Aboriginal Corporations

Mr Rod Alfredson, Finance Office

Jim Ramsay, Corporate and Commission Support

Other attendees

Jenni Greenaway, Corporate and Commission Support

Department of Reconciliation and Aboriginal and Torres Strait Islander Affairs

CHAIR—Senator Hill, we have changed portfolios so I think I should, as a matter of precedent, ask you if you would like to make an opening statement again.

Senator Hill—This is an historic meeting. We welcome a new department. The personnel seem to be somewhat similar, though.

Senator FAULKNER—That was really inspiring! Thanks for that. Mind you, it was an appropriate length, so we will not be critical.

CHAIR—Thank you, Senator Hill. I welcome Senator Bolkus to the committee this evening. We turn to general questions of the department.

Senator ROBERT RAY—I have a couple. I do not know if Mr Vaughan followed the issues in PM&C. We are interested to know where you are up to in terms of transfer of resources to this new department. Did you hear the evidence this morning?

Mr Vaughan—Yes.

Senator ROBERT RAY—So you know where we are at. We are not really trying to get contradictions here, but we are interested to hear your views as to where you are up to with it.

Mr Vaughan—We have been involved in discussions with the Department of the Prime Minister and Cabinet over the last month or so on the resource issue and on the medium-term arrangements between the two agencies. We have reached an agreement whereby the new department will remain located within PM&C's premises, which is convenient insofar as that is where the former Office of Indigenous Policy, which has been absorbed within the new department, was located. The Department of the Prime Minister and Cabinet will transfer to the new department sufficient resources to cover our staff—our existing staff—and will also continue to provide in-kind support to the new department in the same way it provided in-kind support to the former Office of Indigenous Policy. By 'in-kind support' I mean accommodation, courier services, front desk security, ministerial correspondence tracking system, salary payment processing—that sort of in-kind support.

Senator ROBERT RAY—How many people from the old Office of Indigenous Policy went into the new department?

Mr Vaughan—Nearly all of the staff. There were two or three exceptions of people who did not transfer. But the normal rule of staff following function meant that, with odd exceptions, virtually all the staff transferred.

Senator ROBERT RAY—Broadly, what would be the reasons why some would not have?

Mr Vaughan—One or two staff were associated with the former reconciliation council secretariat function. That role had ceased and we did not have equivalent positions for them, so they did not transfer. Some staff were offered alternative positions within PM&C who had a preference to stay in PM&C. There are about three or four cases in total.

Senator ROBERT RAY—So all but three or four went?

Mr Vaughan—That is correct.

Senator ROBERT RAY—To what extent will you need to recruit new staff? Do you have any goals in terms of numbers?

Mr Vaughan—Yes, we are at the time of the creation of the department a bit down on our normal operating level so we are in the process of recruiting to replace those previous vacancies and to replace some of the staff who had options to stay with PM&C—about three or four. We advertised, in fact, for a couple of staff the weekend before last.

Senator ROBERT RAY—So you are physically located in the PM&C building. Are you paying rent for the space?

Mr Vaughan—No, that is part of the in-kind support that has been provided by PM&C.

Senator ROBERT RAY—They are giving you free rent. What else are they giving you in in-kind support?

Mr Vaughan—The normal corporate support functions that they previously provided—things like courier services, office support services, salary processing, ministerial correspondence tracking services, certain personnel services, IT support—those sorts of things. They will in due course have to be brought to account financially by being treated when we do our end of year financial statements as a free service provided by PM&C, and that will be quantified and noted in our financial statements.

Senator ROBERT RAY—So the only link you have really got with Immigration is the same minister, the same department and the same permanent secretary; is that right?

Mr Vaughan—We share a minister and we share a secretary with Immigration. That is correct.

Senator ROBERT RAY—Minister, that is a very, very strange set-up, but I suppose when you change ministers you can rationalise it a bit. I can understand sharing the same minister, but I cannot for the life of me understand why the secretary is just running another department.

Senator FAULKNER—How does the secretary divide his time up between two departments in a physical sense?

Mr Vaughan—He does spend time physically in the new department, but most of the work associated with the new department he does physically from the immigration department.

Senator FAULKNER—Are you now a deputy secretary in DORATSIA?

Mr Vaughan—I am the executive coordinator—the second in charge, if you like—in DORATSIA.

Senator ROBERT RAY—This is sort of a modern terminology for deputy secretary, isn't it?

Mr Vaughan—Yes. Some of the departments use deputy secretaries; some use executive coordinators.

Senator ROBERT RAY—But they are basically the same, are they? It is just a fancy title? I am not sure which is fancier, actually.

Mr Vaughan—It depends whether you are a traditionalist or not.

Senator ROBERT RAY—I see.

Senator FAULKNER—Do you plan to try to see if you can catch up to the Department of Finance and Administration and have seven deputy secretaries?

Mr Vaughan—That would be very ambitious.

Senator FAULKNER—It would be, yes, but they have managed to achieve it.

Senator ROBERT RAY—Do you think there will be a little more form to all of this once you go through the next budget process and go into a new financial year in terms of—

Mr Vaughan—If you like, there already has been a fair amount of form to the process because certain legal processes and determinations have had to be made already in respect of the establishment of the new department and there remain some more to be done. For example, a determination had to be made by the new secretary about the terms and conditions of employment of the staff. A determination will have to be made by the minister for finance to split the existing appropriation between PM&C and the new department. Processes of establishing chief executive instructions have been gone through, delegations—a number of those sorts of legal processes. Between now and the end of the year we will be producing a portfolio budget statement for the upcoming budget and an annual report and financial statements at the end of the year. So it is not as if the formalities are deferred until next year; it is that many of them are already in process.

Senator ROBERT RAY—We heard evidence this morning about a consultancy that was assisting in this regard. Is that consultancy still ongoing?

Mr Vaughan—That was a consultancy with Acumen Alliance. When it was decided that the new department would be established, we went out and looked for some additional expertise in the area of finance and human resource management, and we engaged Acumen Alliance to help us with the financial management function. We seconded an officer from elsewhere to help in the resource management function.

Senator ROBERT RAY—Is it still ongoing now?

Mr Vaughan—No, it is a transitional consultancy. It goes till the end of this month and we need to then decide what sort of ongoing external support we need.

Senator ROBERT RAY—Are you able to tell us what the value of that contract is to the end of this month?

Mr Vaughan—Yes. It is \$38,000.

Senator ROBERT RAY—And that was a restricted tender at that value? I suppose it was.

Mr Vaughan—It was a hand-picked tender, if you like. I took some soundings about what was available in the marketplace, who could be relied upon with people I knew who were expert in this area. Various names were suggested to me, and eventually we settled on this one.

Senator FAULKNER—I do not know if we can have a hand-picked tender. You can hand-pick someone, but whether you actually have a hand-picked tender is drawing a bit of a long bow, isn't it?

Mr Vaughan—It was not a tender process.

Senator FAULKNER—You hand-picked them?

Mr Vaughan—That is right, yes.

Senator FAULKNER—That is not a hand-picked tender.

Senator ROBERT RAY—I knew what you meant. Will you have an annual report paper out this year?

Mr Vaughan—Yes.

Senator ROBERT RAY—You are planning on that as well?

Mr Vaughan—Yes, we have to produce an annual report. It is part of the requirements of a secretary under the Public Service Act.

Senator ROBERT RAY—I have just one last question. Is there any question of your independence as a department seeing as—at the moment, anyway—you are so surrounded by PM&C in terms of both physical location and support arrangements? Has any thought been given to how you keep it now as an independent department and not sort of a client state?

Mr Vaughan—The relationship between the new department and PM&C is very different to that between the former Office of Indigenous Policy.

Senator ROBERT RAY—Yes, I understand that.

Mr Vaughan—Aside from the fact that we now answer through a different secretary and a different minister, we also now have a formal agreement with PM&C as to the nature of the services they will provide instead of it being an informal in-house arrangement, and it has been the subject of considerable negotiation between the two.

Senator ROBERT RAY—Does this mean we are going to have an interdepartmental committee on the development of the car park at PM&C?

Mr Vaughan—I hope not.

Senator FAULKNER—It certainly means you will not have to worry any more about the Prime Minister's office developing those ads, anyway. That is good.

Senator ROBERT RAY—I just wanted to chase those issues, thank you.

CHAIR—Any further questions?

Senator BOLKUS—Just to follow on from that: Mr Vaughan, were all the functions of the old OIP transferred to the new department?

Mr Vaughan—Not quite, insofar as OIP was providing some of the normal PM&C type support services to the Prime Minister—things like parliamentary questions, correspondence and briefing. That part of the former office's functions has now been transferred to another part of PM&C, but all the rest of the office's functions with one or two exceptions I should

mention have gone to the new department. The other two exceptions are that there were some other standard PM&C functions which we were handling, like support for the aspects of the COAG process, which obviously normally reside with PM&C. So those two have stayed with PM&C.

Senator BOLKUS—You talked about actual staff earlier on transferring to the new department. What about staffing levels? How many of the old staffing positions have not really been transferred to the new department?

Mr Vaughan—We have transferred 32 of the previous 34 positions to the new department plus the two departmental liaison officer positions.

Senator BOLKUS—Plus the two.

Mr Vaughan—There were originally 34 plus the two DLOs. It is now 32 plus the two DLOs. The difference between the 32 and the 34 is the residual function that has remained with PM&C.

Senator BOLKUS—Where are those two DLOs located?

Mr Vaughan—They will be located in—one of them was already in situ in Minister Ruddock's office and the other one could be located in the parliamentary secretary's office.

Senator BOLKUS—Could be or will be?

Mr Vaughan—A decision has not been made of the occupant yet, but that is where the provision is for, for the parliamentary secretary's office. The parliamentary secretary has an entitlement to a departmental liaison officer.

Senator BOLKUS—So this person would be based in Belconnen, in other words?

Mr Vaughan—No, in Parliament House. A departmental liaison officer to the parliamentary secretary and the department—

Senator BOLKUS—I thought I heard you say 'departmental secretary'. I was trying to work out why the departmental secretary would like a DLO. In terms of your funding, has all the funding been transferred?

Mr Vaughan—With the exception of those functions that will remain with PM&C and the two staff associated with them, all of the former OIP funding will be transferred plus some provision for some one-off costs associated with the new department plus the normal staff entitlements. What will not be transferred is the cash equivalent of the in-kind services that PM&C will continue to provide to the new department.

Senator BOLKUS—What will it cost to set the new department up?

Mr Vaughan—We have not separated the transitional costs, if you like, from the total costs, but the bottom line is that there will be no additional cost to the budget this year as a result of the new departmental structure.

Senator BOLKUS—But you just said there are transitional costs.

Mr Vaughan—That is right.

Senator BOLKUS—What do they amount to?

Mr Vaughan—To date, they have amounted to the \$38,000 consultancy and the secondment of an officer to deal with HR matters from another department. Between now and the end of the year, there will obviously be further costs of things like having to produce an

annual report or a portfolio budget statement. As I said, those costs will be absorbed within the existing appropriation.

Senator BOLKUS—I am not asking you that, Mr Vaughan. I am actually trying to get a fix on how much it will cost to set up the new department.

Mr Vaughan—We do not have a precise figure at this stage.

Senator BOLKUS—Do you have an estimate?

Mr Vaughan—No, we do not.

Senator BOLKUS—Do you think you should get another consultant to have a look?

Mr Vaughan—We know that the financial arrangements that have been put in place will be perfectly adequate to see us through this year and the forthcoming financial year.

Senator BOLKUS—I find that sort of answer insulting, because I am not asking you whether you think they are adequate. I am trying to find out from you how much they are. I am sure you understand what I am asking, Mr Vaughan.

Mr Vaughan—The answer to that question is that we have devised a total budget for the department for the course of this year and next year and that budget does not distinguish between the costs that are unique to be a separate department and the previous costs that were part of OIP. It is a composite budget.

Senator BOLKUS—But you have said that there will be transition costs.

Mr Vaughan—Yes, there will be some transition costs.

Senator BOLKUS—You said some of those go to the \$38,000 for the consultancy. Do you have an estimate of what else the charge will be, what it will amount to and what other transitional costs there will be?

Mr Vaughan—You get into a discussion about the difference between one-off costs and ongoing costs. There are one-off costs, for example, in reconfiguring the financial management system to accommodate us, but there are ongoing costs like producing an annual report each year. We have not distinguished between those two, but we have done a composite budget that reflects everything we think we will need this year and next year.

Senator BOLKUS—You may not have distinguished between them, but you obviously identified a set of costs that will now be incurred that would not have been incurred before. One of them is \$38,000. Another one was the cost of a separate report. There are obviously some other transitional one-off costs. Can you tell us what you have anticipated—that is, the subject areas and how much?

Mr Vaughan—The reason I am having difficulty answering your question, Senator, is we will have some of the same staff doing both the transitional work and the ongoing work.

Senator BOLKUS—Mr Vaughan, you know that is not an adequate answer. You know that yourself. You know that you actually apportion costs and charge staff for work done and whatever. I am trying to work out what it will cost, not who is doing it and not when it will be done. What have you actually budgeted for relating to the transition? The reason you are finding it hard to answer this question is because you do not want to answer it.

Senator Hill—I do not think you can say that.

Senator BOLKUS—He has had five attempts at going different ways, Senator Hill.

Senator Hill—Why would he not want to answer? That does not make sense.

Senator BOLKUS—Because he is as helpful as usual.

Senator Hill—That is not a good start with a new department.

Senator BOLKUS—I am getting frustrated because I am asking you a very simple question and you are not willing to answer it, as far as I am concerned.

Senator Hill—Has there been a separate calculation of transition costs?

Mr Vaughan—No, there has not.

Senator BOLKUS—But you have identified transition costs. You said you have.

Mr Vaughan—If I can illustrate, a good proportion of my time and energies at the moment are involved in the transition phase and will over the following year be involved in the new responsibilities that go with being a separate department. I have not sought to separate out my costs in that way, and the same is true of a number of other staff in the new department. That is why we do not have a separate figure that delineates either the transitional or the ongoing additional costs of the new department. What we do know is that the total budget that we have from PM&C would allow us, for this year and next financial year, to meet those costs.

Senator Hill—So was this the old budget for the—

Mr Vaughan—The Office of Indigenous Policy.

Senator BOLKUS—So what you are telling me is that those costs will be absorbed. I could have expected that.

Mr Vaughan—No, we have some additional one-off funding from PM&C and we have some underspend from this year. I referred earlier to the fact that we were not operating at a full staffing level. Those two sources will help us cover the extra transitional and ongoing costs of the new department for this year and next year.

Senator BOLKUS—How much is the underspend?

Mr Vaughan—I cannot give you that figure off the top of my head, but I will give you an idea that we have a budget for 34 staff and we were operating with just under 30 staff in January and it had been below 34 from around December. That will give you an idea of the sorts of windfall savings, if you like, we are making.

Senator BOLKUS—You have given me an idea of the staffing levels, but can you give me an idea of what it amounts to?

Senator Hill—What was the old budget?

Mr Vaughan—The old budget is a bit like oranges and apples, because the old budget does not include any provision for the cost of the new department or those one-off transition costs. I could take this on notice and give you an indication of what we projected the underspend would be from the former office and that would give you an indication of the extent to which that is generating savings which will cover some of the transition costs this year.

Senator Hill—Plus the extra funding that you have negotiated.

Mr Vaughan—Plus the one-off funding.

Senator BOLKUS—How much is that additional funding?

Mr Vaughan—It is about \$300,000.

Senator BOLKUS—Could you roughly say that the underspend you are utilising, given that you are talking about five staff, would amount to another \$300,000?

Mr Vaughan—Over a full year it could, but we are not talking about all those positions remaining vacant for the full year. So it would be rather less than that.

Senator BOLKUS—Is that \$300,000 far off?

Senator Hill—The officer has said that they have not done a calculation of transition costs. He said one would not expect the transition costs to be great because they are co-located, it is the same personnel and all of those things. He feels that whatever transition costs there are can be accommodated from the benefit of a relatively small underspend in the previous year plus a relatively small further contribution from PM&C which has been negotiated. If Senator Bolkus wants more explicit detail than that, it might be better for the official to see what could be provided in due course on notice.

Senator BOLKUS—Minister, I hear what you are saying, but I know from my experience that in situations like this an estimate is made. The officer can tell us that on the one hand there are transitional costs but then he asks me to believe he does not know what they are. You point to underspends. You must have a fair idea of what sort of underspends your office has had and what of those would be absorbed in the transition. I find it totally unacceptable that, one, you don't know and, two, you are not in a position to tell me. Is there anyone else here available to you to actually give you those figures?

Mr Vaughan—I cannot give you that figure off the top of my head tonight, but what I do know is that when you take into account the total costs we have calculated for the department this year and next year and when you compare that with the available revenue, we will manage this year and next year.

Senator BOLKUS—So what you are telling me is that you absorb the costs. It does not tell me how much they are.

Mr Vaughan—Because we have not separately identified, if you like, the three cost elements we are talking about here. One is the ongoing work of the department that has taken over from the previous department. The second element is the additional costs associated with being a separate department—an annual report or whatever. The third element is the one-off transitional costs of a new financial system, for example. What I do know is that when you add up those three elements and compare them with the revenue sources, we will manage the next two years—the remainder of this year and next year.

Senator BOLKUS—The revenue sources you have identified are the underspend and additional funds. Are there any others?

Mr Vaughan—Yes, the transfer of the equivalent of the costs of the 34 previous staff, including the two DLOs from PM&C.

Senator BOLKUS—That is another way of saying underspends for the existing staff, isn't it?

Mr Vaughan—No. The underspend only relates to this year. What we have done is cost a full year budget—a 12-months budget, which would be next year—and then pro rated the cost for this year. There is a third element of money being transferred to the area I mentioned, which is an administered item to cover our litigation costs.

Senator BOLKUS—Will the new department have any different responsibilities from the previous Office of Indigenous Policy?

Mr Vaughan—Aside from those PM&C functions, which will stay with PM&C, at this stage the office's functions and outputs will be identical in scope to those of the previous Office of Indigenous Policy, but obviously the policy issues which we address tend to change over time with normal circumstances.

Senator BOLKUS—The original COAG function was a pretty integral part of the response to the *Bringing Them Home* report. That is going to be left in PM&C, is it?

Mr Vaughan—That is because the COAG function, whether it is in respect of reconciliation or competitive neutrality or any other issue in which COAG takes a particular role—the secretariat support of that is always handled by chief ministers' departments. In the Commonwealth's case that is the Prime Minister's department.

Senator BOLKUS—At one stage you were chairing the intergovernmental committee that was preparing the response to that report. Will you continue in that job? Do you have that job at the moment?

Mr Vaughan—No. In respect of the COAG process the PM&C will chair that. You may be thinking of the Ministerial Council for Aboriginal and Torres Strait Islander Affairs. We will continue to provide the same role in respect of MCATSIA as the Office of Indigenous Policy did in relation to that body. That function will not stay with PM&C.

Senator BOLKUS—You were chairing that at some stage. Is that a continuous situation?

Mr Vaughan—The chairmanship of the ministerial council and the supporting officers group rotates between jurisdictions from year to year. The Commonwealth chaired it last year, 2000, and the chairmanship has rotated to Queensland as of this year.

Senator BOLKUS—I have some questions in respect of native title representative bodies which should be asked either here or when we come to ATSIC. Can you handle these questions?

Mr Vaughan—Aside from the legal challenge. That would fall to ATSIC.

Senator BOLKUS—Senator Brandis, do you know whether ATSIC are coming up this evening?

ACTING CHAIR—It is, I think.

Senator BOLKUS—I will leave them for ATSIC. They will also be able to tell me how much money has been spent to date on the response to the *Bringing Them Home* report?

Mr Vaughan—ATSIC would in respect of the link-up services and other departments would in respect of theirs. I can attempt to give you an overview.

Senator BOLKUS—I refer to Reconciliation Australia. You are handing over responsibility for reconciliation. Various funding and resources were given to the new body. Can you tell us how much that was?

Mr Vaughan—A total of \$5.5 million was given to Reconciliation Australia.

Senator BOLKUS—Was there anything other than that? Was there a building, access to a building, free rent or whatever?

Mr Vaughan—No. Separate to that is the design for Reconciliation Place, announced by the Prime Minister last year, which is on the lake front between the National Library and the High Court. The design parameters for that include office accommodation for the foundation. Reconciliation Place has got a separate budget of \$5 million.

Senator BOLKUS—A separate budget? And will Reconciliation Australia have to pay rent for that office space?

Mr Vaughan—It is something that falls into the National Capital Authority and the territories portfolio and I cannot give you an answer on that question, I am afraid. I do not know what the answer to that question is.

Senator BOLKUS—Can you find out for us?

Mr Vaughan—We could ask territories' National Capital Authority.

Senator BOLKUS—You could probably ask Reconciliation Australia, too, couldn't you?

Mr Vaughan—Well, I suppose until such time as there is a building then the landlord tenancy arrangements have not really been discussed between the two of them, I expect, as yet.

Senator BOLKUS—But there is a fair expectation that they will be paying rent?

Mr Vaughan—I have no idea.

Senator BOLKUS—Was the \$5.5 million a one-off grant?

Mr Vaughan—That is correct.

Senator BOLKUS—Were there any conditions imposed on it?

Mr Vaughan—There was a deed of grant in trust concerning the use of the money.

Senator BOLKUS—Can we get a copy of that?

Mr Vaughan—I will take that on notice, and if it is possible to do so we will do so.

Senator BOLKUS—In relation to the indigenous round table that was held on 25 October, can you tell us the process that was involved in choosing the participants?

Mr Vaughan—Membership of the round table on community and family capacity building was determined by Senator Newman and Senator Herron as the two host ministers at the time. That is my understanding.

Senator BOLKUS—So was advice given to them as to who should be invited to be part of the summit?

Mr Vaughan—Various names and options were canvassed and added to lists and so forth in the process of advising ministers what the options and possibilities could be.

Senator BOLKUS—So names were actually proffered?

Mr Vaughan—Yes, names were.

Senator BOLKUS—Can you tell us on what basis names were suggested to either minister?

Mr Vaughan—No, I cannot do that offhand, but that is starting to go down the track of the nature of the advice that was provided to ministers.

Senator BOLKUS—No, it is not. I am asking you about dates. I am not asking you about advice; I am asking you about dates.

Mr Vaughan—Well, I can take that on notice and see what the dates were. But I must—

Senator Hill—I think we can get the dates for you.

Mr Vaughan—Often this is done in a fairly iterative process and often in conversation, so it is not always a question that there will be a minute on the file showing each list as it evolved, so to speak.

Senator BOLKUS—Who in fact proffered those names from OIP or other arms of government? Was it just you?

Mr Vaughan—I could only speak for OIP. I would not be aware of what input ministers might have obtained from other sources.

Senator BOLKUS—Who came up with the concept of having a summit?

Mr Vaughan—I would probably have to take that on notice, because it becomes one of those issues where after the event nobody is entirely sure of who first suggested it.

Senator BOLKUS—Do you think it came from OIP?

Mr Vaughan—Certainly we had been internally talking about options for getting together a group of people to talk about and come up with some ideas on these issues. But it may not be strictly accurate to sort of say that OIP came up with the idea of a summit per se.

Senator BOLKUS—Was it a summit that was endorsed by cabinet?

Mr Vaughan—That takes one into the area of cabinet deliberations.

Senator BOLKUS—Was there a cabinet decision to have the summit?

Mr Vaughan—The proposition was not formally considered by cabinet, as far as I am aware.

Senator BOLKUS—So you had a concept going out to two ministers—Newman and Herron—who basically themselves decided on the numbers to be divided and hand chose the participants? Is that what you are telling me?

Mr Vaughan—The ministers decided the participants, yes.

Senator BOLKUS—Can we get a list of the participants? You might want to take that on notice.

Mr Vaughan—I can give you that now, if you wish.

Senator BOLKUS—Was there any consideration given to the regional breakup of the participants?

Mr Vaughan—There were participants from a number of different organisations and a number of different states, if you like. But there was not an attempt to have, if you like, state by state representation per se.

Senator BOLKUS—What did the whole exercise cost?

Mr Vaughan—The cost of the day's meeting? I would have to take that on notice.

Senator BOLKUS—And all related costs—the preparation, publications and travel?

Mr Vaughan—We certainly separately identify the costs of travel and the expenses of the day. The preparation costs, of course, were borne in the normal work of the department. Staff costs—those sorts of things—are not separately quantifiable. But the actual direct costs of the meeting and of travel and so forth we can identify.

Senator Hill—Perhaps you could provide what is reasonably ascertainable.

Mr Vaughan—We shall.

Senator BOLKUS—When ministers make a decision to embark upon an exercise like this, departments always come up with costings—proposed costings—and assess costings, either in an attempt to talk the ministers out of them or in an attempt to refashion concepts sometimes. You are telling me that you cannot put an overall costing on this round table?

Mr Vaughan—The cost of bringing 15-odd maybe 18-odd people together for a one-day meeting is not considered a break the bank situation, because they are shared between the various players involved.

Senator Hill—The costs of the meeting and the costs of transport should surely cover the major—

Senator BOLKUS—And the cost of any publications and documents that were prepared?

Senator Hill—If there were one-off documents—

Mr Vaughan—We are happy to seek to quantify whatever is quantifiable.

Senator Hill—Provide an estimate of the costs.

Mr Vaughan—An estimate.

Senator BOLKUS—What is the present status of this roundtable? It has met once. Is it going to meet again or go off into the wilderness?

Mr Vaughan—It will meet again in June this year. It also established a working group which met in early December and which met again today in Sydney, as it happens. The initial output from the round table was a set of principles to guide government decision-making and policy formulation in the area of family and community capacity building. The working group, which met in December, identified a work plan for this year, and also provided advice on an initial group of projects which were funded from the \$20 million reserve within what was then Senator Newman's portfolio as part of the Stronger Families and Communities Strategy. It was reserved for indigenous projects. Five projects were announced in January as a result of that.

Senator BOLKUS—Can we get minutes of the roundtable?

Mr Vaughan—I will have to check the availability of that. Can I take that on notice, please?

Senator BOLKUS—Can we get details of who constitutes the working group?

Mr Vaughan—Yes, we can do that.

Senator BOLKUS—Can we get minutes of the working group?

Mr Vaughan—I will check what is available on that.

Senator BOLKUS—You said advice was given on the expenditure by the working group. Can we get that advice as well?

Mr Vaughan—An announcement was made of those five projects and we can provide that.

Senator BOLKUS—Sure, but the advice they gave in respect of all the projects is the thing that I am asking for.

Mr Vaughan—Yes, I will look at that in the context of the minutes and records.

Senator BOLKUS—Who is the chair of the working group?

Mr Vaughan—The roundtable itself was jointly chaired by the two ministers—Ministers Newman and Herron. The working group is correspondingly chaired by their officials. In our case it was chaired by Mr Russell Patterson.

Senator BOLKUS—And they were chosen by the ministers, obviously. Are you aware of criticism from a number of quarters, including some church organisations, of the representation at the roundtable?

Mr Vaughan—I cannot recall criticism from church organisations per se, but I do recollect reading some media comments at the time of some players who felt that they should have been invited, but I cannot remember who they were.

Senator BOLKUS—For instance, the Catholic Commission of Justice, Development and Peace and the National Council of Churches have been critical of the way the roundtable was selected and thought they should have been there. Is that what you are referring to?

Senator Hill—There will always be someone who is disappointed.

Senator BOLKUS—They are pretty important players on this scene?

Senator Hill—Coverage was—

Senator BOLKUS—Senator Hill, I would have thought even you would not be able to defend a hand-picked showcase forum like this one. I think I would rather leave it to Mr Vaughan, if I were you.

Mr Vaughan—I do not know if they were the parties who made critical comments in the media at the time. I cannot recollect.

Senator BOLKUS—Are you taking those criticisms into account in the lead-up to the next roundtable?

Mr Vaughan—The next round table will be the same group that met initially.

Senator BOLKUS—No more and no less? Can you tell me where the Skehill inquiry is currently at in respect of the ILC?

Mr Vaughan—Yes. Mr Skehill provided his report to the minister in early December. The minister is currently considering the report and has communicated to various individuals who were the subject of the report the content of the report as it affects them and has asked them for their comments before he makes any decision on the matter.

Senator BOLKUS—Was it intended to make the report public?

Mr Vaughan—No decision has been made on that yet while the process is in train.

Senator BOLKUS—When do we anticipate the minister making the response public?

Mr Vaughan—We do not know at this stage, because the timing is somewhat in the hands of other parties who are engaged in the process.

Senator BOLKUS—Can you tell us where the inquiry into the Roebuck Plains purchase is at?

Mr Vaughan—I am less familiar with that inquiry, because that is being commissioned directly by the Indigenous Land Corporation rather than through our department. But I do understand that a report on that is due towards the end of this month. That report, of course, is a report to the Indigenous Land Corporation, not to the minister.

Senator BOLKUS—Regarding the Reeves review, I gather the minister intimated in Darwin a few weeks ago that he may not move to amend the relevant legislation. Is that still the government's position?

Senator Hill—May not what?

Senator BOLKUS—May not move to amend the legislation.

Senator Hill—I think we should take advice from the minister on that to see specifically what he wants to say.

Senator BOLKUS—That might be useful. I would like to know what his current intentions are and whether his statement in Darwin that he may not move to amend the legislation is still the current position. I think a lot of people would like to get some certainty as to what the government's position is.

Senator HILL—They are obviously policy issues and we will see if he wishes to put a considered position down.

Senator BOLKUS—The other one was the Kenbi land claim. That has been around for a while—20 years or so; as long as you and I, Minister. Is there any intention to bring that to an end? Is the government in a position to sign off on the successful land claim?

Mr Vaughan—I think that it is probably best if that question is addressed to ATSIC, because the process is, once the land commission has made a finding or recommendation, that the provisions of the act are administered by ATSIC. I am not familiar with the process in that particular case.

Senator BOLKUS—You have got a new parliamentary secretary.

Mr Vaughan—Correct.

Senator BOLKUS—Can you tell me what staffing she will be entitled to?

Mr Vaughan—I understand the staffing entitlement is an adviser, an office assistant and a departmental liaison officer.

Senator BOLKUS—Right. Will she be entitled to extra office space?

Mr Vaughan—I do not know the answer to that one, because it is handled by the department of finance in terms of the office allocation in Parliament House. I do not know whether her current office capacity lends itself to accommodating the extra staff or whether it would result in the need for additional staff.

Senator BOLKUS—I mean not just in Parliament House but also back in the electorate.

Mr Vaughan—The same thing would apply.

Senator BOLKUS—You would have to pay the bill, though, wouldn't you?

Mr Vaughan—No, we would not be paying her electorate office expenses.

Senator Hill—No.

Mr Vaughan—We would be paying—sorry, not the rent—

Senator BOLKUS—But if she were to avail herself of extra space or extra resources—

Senator Hill—We cannot review an obligation that we are not yet aware of.

Mr Vaughan—We certainly provide a range of support for ministers' offices and parliamentary secretaries' offices—things like IT support and various other things. Whether it extends to rental costs, I do not know.

Senator BOLKUS—Maybe if I just put this on notice. Can you document for us all the costs of servicing the parliamentary secretary in terms of any extra accommodation, rental, IT services, mobile phones, or other expenses?

Mr Vaughan—I will take it on notice.

Senator BOLKUS—Thank you. You mentioned staffing. Can you give us some details as to the staffing levels and salaries—if you would take that on notice.

Mr Vaughan—I should say that we obviously have some corresponding savings by the fact that we have previously supported Senator Herron's office in similar terms. His role has now been amalgamated with that of Minister Ruddock, whose office is supported by the Department of Immigration and Multicultural Affairs to a large extent.

Senator Hill—So there will be a net saving.

Mr Vaughan—Potentially.

Senator BOLKUS—Potentially, but never actually.

Senator Hill—I think in relation to the anticipated costs of serving parliamentary secretary Gallus—and I hope Senator Bolkus would not be saying this—I do not think that we need to get down to the pens and paper. If the issue of the cost of extra staff—of whether there is any extra rent and any major equipment costs—

Senator BOLKUS—IT services, mobile phones and so on. As the minister says, I do not want to know how many rubbers and pens and pencils—

Senator Hill—On that stuff, maybe an estimate would be adequate. Otherwise you will end up doing nothing else.

Senator BOLKUS—Yes, I understand. That is all for you, Mr Vaughan. I think that we need ATSIC now for a few minutes.

[9.42 p.m.]

Aboriginal and Torres Strait Islander Commission

CHAIR—I will call Senator Bolkus for general questions relating to the commission.

Mr Kelly—Can I make a statement? I would like to advise that the CEO of ATSIC, Mark Sullivan, sends his apologies. He was here up until this evening but he had an appointment with the chair of the commission.

CHAIR—Thank you for letting us know that.

Senator BOLKUS—I have just a few quick questions. The Kenbi land claim: it has been hanging around for 20 years. We have been anticipating a signing off for some time now. Is it anywhere near the stage of being signed off?

Mr Kelly—The latest with the land claim is that the report from the Aboriginal Land Commissioner has gone to the minister.

Senator BOLKUS—It was dated when?

Mr Kelly—I beg your pardon?

Senator BOLKUS—When was that report dated?

Mr Kelly—I would have to take that on notice, but it was fairly recent, late last year.

Senator BOLKUS—But when did it go to the minister?

Mr Kelly—I am uncertain of the date, but I can get it for you. It has been put out to the parties, including the NT government, for comment.

Senator BOLKUS—The recommendation is to sign it off, I would presume?

Mr Kelly—I have not seen the recommendation on that.

Senator BOLKUS—But the commissioner's recommendation was for the land claim to be signed off, from my recollection, or am I wrong?

Mr Kelly—I am not certain.

Senator ROBERT RAY—Does Mr Plowman know? Does anyone else know?

Mr Plowman—We can take that on notice and get you the detail.

Senator BOLKUS—Take that on notice—what the commissioner's recommendation was—and respond to the minister. So it has gone to Mr Ruddock; it has not gone to Ms Gallus?

Mr Kelly—My understanding is that it has gone to Mr Ruddock.

Senator BOLKUS—If you could take that on notice, that would be good. Native title representative bodies—they are still unrepresented in both the south-west of Western Australia and in Brisbane. Has there been any progress made on the issue? When do we expect to finalise organising representation for them?

Mr Donnelly—The Queensland south one has been decided now. It is the Queensland south representative body Aboriginal corporation.

Senator BOLKUS—That is the Queensland south one. What about the south-west of Western Australia?

Mr Donnelly—It is not expected that that will be advertised for a third round till early this year.

Senator BOLKUS—Any dates?

Mr Donnelly—I am not sure about that.

Senator BOLKUS—Can you come back to us? Thanks. My final question goes to the response to the *Bringing them home* report. Essentially what I would like is information on how much money has been spent to date on a series of programs. I do not know if you have the information with you now, but I am looking at Linkup, emotional and social wellbeing, regional training centres, specialist indigenous counsellors, parenting and family wellbeing, access to records, oral history, and language and cultural maintenance. Those are the major areas. Do you have any information on how much money has been spent so far?

Mr Donnelly—I have some figures here on Linkup services, the Linkup program for the three years to date and also the language/cultural maintenance expenditures that I could provide.

Senator BOLKUS—Can you do that? Is that a table setting it out year by year or is it an overall figure?

Mr Donnelly—Yes, up until this year for those two programs.

Senator BOLKUS—You can provide that now? The secretary was to get that from you. In respect of the other six areas, can ATSIC provide that information to us?

Mr Kelly—Yes.

Senator BOLKUS—Are you in a position to do so tonight?

Mr Kelly—No, not tonight.

Senator BOLKUS—Take it on notice.

Mr Kelly—Yes, please.

Senator BOLKUS—Thank you very much.

Mr Vaughan—Can I just correct an answer I gave to an earlier question from Senator Bolkus? The amount given to the reconciliation foundation was \$5.6 million in total, not \$5.5 million.

Senator BOLKUS—Thank you, Mr Vaughan.

CHAIR—There being no further questions, that completes the examination of the Reconciliation and Aboriginal and Torres Strait Islander Affairs portfolio. For the record, I remind you again that the committee has set 23 March 2001 as the date for the submission of written answers to questions taken on notice. I would particularly like to thank Senator Hill, for being here this evening and for his assistance today, and the officers as well. Thank you very much. The Finance and Administration portfolio is next.

[9.51 p.m.]

FINANCE AND ADMINISTRATION PORTFOLIO

In Attendance

Senator Abetz, Special Minister of State

Australian Electoral Commission

Andy Becker, Electoral Commissioner

Mark Cunliffe, Acting Deputy Electoral Commissioner

Tim Pickering, Acting First Assistant Commissioner, Finance and Support

Paul Dacey, Assistant Commissioner, Elections and Enrolment

Barbara Davis, Assistant Commissioner, Corporate Services

Brad Edgman

Australian Electoral Commission

CHAIR—The committee will now resume. We will commence the examination of the Finance and Administration portfolio; first of all, the Australian Electoral Commission. I would like to warmly welcome Senator Abetz and officers of the AEC and Mr Becker here tonight. Senator Abetz, do you wish to make an opening statement?

Senator Abetz—It is a delight to appear before your committee, Mr Chairman. As always, the Australian Electoral Commission is here to be of assistance. For my part, this is my first appearance. I will try to be of as much assistance as possible as well.

CHAIR—Thank you very much, Minister. We will commence with general questions and then move through the outcomes.

Senator ROBERT RAY—The last time we met, Mr Becker was absent on government business in Canada—a move, of course, that we always support. Could you just let us know whether you found on that visit to Canada any innovative things that you can bring back to apply to the Australian electoral system? I mean to do with elections, obviously, results and running of elections, rather than electoral law generally.

Mr Becker—I think generally speaking we would be somewhat in front of the Canadians with our continuous roll being far more mature than theirs. They have a very much smaller polling booth arrangement, rather like the Americans have got where you have a precinct type style of voting. So there is not a lot that we have in common with them. Mind you, of course the JSC, as Senator Faulkner would know, has been through the Amy McGrath type approaches and has been looking at those sorts of things, of minimising the number of people attending at each polling place, but that is certainly the case in Canada and certainly the case in the United States. They have a compulsory enrolment but had a very difficult time this time because two metres of snow were dumped on the north of most of the provinces, which meant their turnout was only about 23 per cent—

Senator ROBERT RAY—Twenty-three per cent of the—

Mr Becker—of the total roll. It was not a great first time around to look at their continuous roll, but it is a very efficient system. Of course, it is far more difficult for them than it is for us because they have the two languages that they have to deal with. I was fortunate enough to be able to sit in on some of their executive meetings, and that was a bit tricky because they would just break into and out of French and English whenever they felt like it—whatever expressed it better—which means you are grabbing for a headset all the time. They do have an advantage, I suppose, on the roll, as Paul has just pointed out to me. They do have direct

change of address, which is something that we would like, but that, of course, requires amendments to the act and you have to be confident, of course, that what you are changing is correct.

But generally speaking, I would say that we are probably in front of them at most things.

Senator ROBERT RAY—Is there a difference, as there is here, by having a federal electoral commission or operation and a state one?

Mr Becker—They have exactly the same arrangement.

Senator ROBERT RAY—I note that between the AEC and the state ones here relations are very good. How do they manage that process?

Mr Becker—They do have their federal provincial conferences, too. They do not have an arrangement like we have for the Electoral Council of Australia, and they do not have a common role, generally speaking. They do help each other, but they do not have a common role. I think British Columbia had a continuous role for quite a number of years before the federal role became continuous, but the provincial people were of course there. They were guests of the Canadian commission, Elections Canada, but they had no active part in the actual conduct of the elections at all.

Senator ROBERT RAY—Do they have public funding in Canada?

Mr Becker—I do not know, actually.

Mr Dacey—They do.

Mr Becker—They do, do they?

Senator ROBERT RAY—I was just wondering on what basis it was, whether it was per vote cast -

Mr Becker—I honestly do not know. We can find out, though, if that is of interest.

Senator ROBERT RAY—If you knew, I was just going to do a comparison, if it was per vote, with our system. So you are pretty confident that we are a bit ahead of them?

Mr Becker—I would say so, yes. I think we are ahead of most of them, actually.

Senator ROBERT RAY—The last committee was at a very opportune time, because it was right in the middle of the Florida debacle. Have we drawn any conclusions from that? I know there are very few similarities, but is there anything we have learnt from Florida?

Mr Becker—Their technology is very old; I have to say that. The problems with hanging chads and pregnant chads and all this sort of thing have been around for years and years. I first ran across those in 1984 in the Los Angeles one when I went over there. So that was not new. I think the design of the ballot paper was a problem. The other thing, too, is that you have to have procedures set up that are appropriate for that type of technology. In Los Angeles, they have brushes that brush every ballot paper. It is just an 80-column card, and they just punch in the holes through an 80-column card. In Dade County, when I was over there, they did not have that same procedure, and obviously they did not have it this time either.

Senator ROBERT RAY—Would one of the things that most distinguishes the two systems be that we have a Court of Disputed Returns and a set procedure for appeal and a pretty strict relationship with courts in that regard which does not appear to be there.

Mr Becker—Of course, you have to remember that in some of those places in some of those court actions that you would be talking about, a case of disputed return can quite easily be held in front of a judge who is elected, not appointed, and is partisan. In fact, the electoral officials, as you have probably realised on this occasion in Florida, were actually elected themselves and up for re-election at that same election. But they are partisan. Quite often they will have a situation—say, in Chicago—where they will rotate the chair of the local commission. In places like Montgomery County, you might have a Republican and a Democrat in charge. There are 3,000 different electoral administrations in the United States, and it is extremely difficult to coordinate anything.

Mr Dacey—There is no central coordination.

Mr Becker—There is no central coordination at all, unless it is done by the private sector, which they do for a fee.

Senator ROBERT RAY—You are into bidding for elections in councils. Have you ever thought of bidding for their contracts?

Mr Becker—I would not mind their money!

Senator ROBERT RAY—Anyhow, thanks for that.

Senator FAULKNER—Could I ask, please, how the review of registration of political parties is going?

Mr Becker—Perhaps I could ask Mr Edgman to step in here.

Mr Edgman—It is proceeding quite well at the moment. Parties were asked to get their information to us by the end of January, if at all possible, to allow us sufficient time to check the information and get back to them if need be for them to correct any problems before the 2 April deadline. But it is going quite well at this stage. Some parties have asked for an extension, and of course that is their right.

Senator FAULKNER—In this sort of circumstance, an extension is likely to be granted, or is it a case-by-case consideration?

Mr Edgman—The deadline that was set of end of January was really just a recommendation to them. We said, 'Get it in by this time, and that ensures that we have plenty of time to check it and get back to you and give you sufficient time to make any corrections so you can get back to us.' We just want the parties to be mindful of the 2 April deadline that faces us all.

Senator FAULKNER—But I could be assured that, if there are problems, it is an iterative process. If, let us say, the New South Wales branch of the Labor Party strikes a problem in some way, you would be indicating to the general secretary of that branch, the registered officer of that branch, that there is a problem there and so on and so forth.

Mr Edgman—That is right. That is why we have asked them to try and get in early, so that there is plenty of time for that process to go backwards and forwards before we hit that April deadline.

Senator FAULKNER—Any hooks in the process that the committee might be interested in, or is it pretty straightforward?

Mr Edgman—At this stage it is fairly straightforward. One party has opted for voluntary deregistration out of the process, but again, that is their option. But no, there have been no major hiccups that have occurred so far.

Senator FAULKNER—Okay. Thanks for that. Perhaps I should know this, Mr Becker, but I do not, and if I have missed it, I apologise to the incumbent, but have we actually appointed the new deputy electoral commissioner yet?

Mr Becker—No. That is with the minister at the moment prior to going to cabinet.

Senator FAULKNER—I see. I thought I might have missed it.

Mr Becker—No.

Senator ROBERT RAY—Was there evidence last time that it was with the minister then?

Mr Cunliffe—I think actually the former minister may have answered that. That is correct; it was then with the former minister.

Senator ROBERT RAY—How long has the post been vacant for?

Mr Becker—Since 22 March.

Mr Cunliffe—23 March, when the commissioner was appointed to that post.

Senator FAULKNER—It is a very long delay.

Senator ROBERT RAY—I suppose it is fairer for you to comment, although you may not have been right across it, but it is a long delay to -

Senator Abetz—I am aware of the vacancy and I am looking at it. I think I have been in the job for, what, less than three weeks. It is one of the issues that was drawn to my attention.

Senator ROBERT RAY—We are sure you will be more diligent in filling the vacancy than your predecessor, but 11 months is a long while, in my experience, for one of these positions to be vacant, even though we have had a competent acting deputy. Do you know when it will come to a conclusion?

Senator Abetz—Soon, but I am unable to give you a time frame.

Senator ROBERT RAY—What does that mean? Before Halley's comet comes back or—

Senator Abetz—May or may not. Depends when Halley's comet comes back.

Senator ROBERT RAY—About 60 years away.

Senator FAULKNER—I have received some correspondence from one or two concerned people about the location of the AEC's Chifley divisional office. This goes to the question of accessibility, particularly for elderly people and people with disabilities as well. I gather that the current AEC office—and I must say that I am not a visitor and I have been told this—can be accessed only by stairs. For people who have mobility problems and the like, it is causing a few problems. I just wondered whether anyone at the AEC at your level had had this drawn to their attention, and if someone could provide me with an explanation, given these concerns with the Mount Druitt office, why they have not taken up either a ground floor office or a first floor office in a building that has a lift so we can assist people in terms of access.

Ms Davis—I might be able to respond to that in part. From what I recall, we have identified the premises at Mount Druitt being a particular problem because of the access issue. That is obviously one of the most important criteria when we do have budget available. But there has been difficulty in finding alternative premises, although I would like to probably confirm the status of that and we can get back to you on that if you wish.

Senator FAULKNER—I think it is currently located in the Commonwealth Bank Building at Mount Druitt, as I understand it, and there has been some consideration for some time, hasn't there, about actually moving the divisional office there?

Ms Davis—It has been on the program of proposed relocations for the state of New South Wales but I do not know as to how long or potentially when a move may be made. I do think at the moment it is on a month to month lease on the proposal that if we can find premises we will move. But, again, I think it would be better to clarify that with factual information by getting back to you on that.

Senator FAULKNER—I would appreciate that if you could, and if any opportunities had arisen or have arisen for a new location, given what does appear to be the unsuitability of the current office.

Ms Davis—Yes.

Senator FAULKNER—So I would appreciate some more information and maybe we can follow that through at a later stage.

Ms Davis—Certainly.

Senator FAULKNER—Normally I would not raise that sort of office, but given that it has been raised with me now over a period of time by more than one person I thought I would raise it here, so thank you for that. Could I also ask in this section of general questions, Mr Chairman, the question of a couple of applications for registration of political parties. This may be in your area, I think, Mr Edgman. As I understand it, two groups have basically applied to register the name the 'No GST Party'. I think that is the case.

Mr Edgman—That is correct.

Senator FAULKNER—So can you just give us a status report on where we are at with that, please?

Mr Edgman—Well, just by way of a little bit of background, there is one party that has applied that is currently registered called 'Abolish Child Support and Family Court' which has applied to change its name to 'No GST Party'. It applied prior to an application made to register a separate party by the name of 'No GST Party', so they are identical names. At the moment, the current status is that the registration for political parties is frozen because of the Ryan by-election—that is a provision in the Commonwealth Electoral Act—and that the delegate should be in a position to make a decision virtually immediately after the writ for the Ryan by-election is returned.

Senator FAULKNER—So the time frame is not too long then?

Mr Edgman—Late next month, probably.

Senator FAULKNER—Because my recollection was that the application from the Abolish Child Support Family Court Party was advertised back in July of last year.

Mr Edgman—That is right. It was advertised in July. The Isaacs by-election came along and suspended all action on that as well as the other No GST Party. There have been other delays to processing the application. These applications can go through quite fast—anything as little as six weeks if the process all goes smoothly. There have been a number of objections raised against the Abolish party's application, also against the No GST Party. These have caused us to go and seek legal advice, and also of course the changes in legislation that went through in October last year have meant that there was a need to seek further information from these parties before processing their applications, and it is also the case that with the changes to that legislation we had to take into account the names of parties registered in state jurisdictions as well, which was a new development.

Senator FAULKNER—I appreciate all that. It seems to me to be—I am not saying it is an inordinately long period of time, it is not actually as long as getting a deputy electoral commissioner, but—

Mr Edgman—It is a long time. It is quite possibly the longest that any application has taken us and it is a series of events, unfortunately, that have caused it. But, as I say, really, we are in a position virtually to make determinations now. It is just waiting for the Ryan by-election writ to be returned.

Senator ROBERT RAY—Because there should be another two successive by-elections. It could be a long while coming.

Mr Edgman—That is right, Senator, and we struck that problem in the lead-up to a general election. I think it might have been with the 1996 general election where there was a series of by-elections in the 18 months leading up to the poll and that caused a great deal of trouble with the registration process.

Senator FAULKNER—The trigger time there is the return of the writ, isn't it?

Mr Edgman—The return of the writ, that is right. In that case, in that scenario, there are some cases where they overlapped each other. Another one I think we had one week from the return of writ from one to the issue of the writ for another. So it is a problem and we have actually made a recommendation in the report after the 1996 election that suggests that maybe all that should be suspended is a decision on registration processes. The way the act is currently written, all action is suspended. So, for instance, advertising the application, doing the processing of it—all those sorts of things are delayed.

Senator FAULKNER—I suppose the other way to go would be to change the trigger date from the return of the writ to, say, the close of nominations or something like that.

Mr Edgman—Or polling day—that would certainly be quite adequate as well.

Senator FAULKNER—The reason I mention that is because I noticed less than a week ago a wire story with the former One Nation adviser Ettridge talking up his 'No GST Party', which is a bit rich considering it has not been registered.

Senator ROBERT RAY—He should have plenty of funds.

Senator FAULKNER—That is a possibility. I am basically up to outcome 1 now.

Senator ROBERT RAY—I have asked previously about the AEC result service on election night. I think I indicated to you that in 1998 it was a very inconsistent service in terms of access. Some electorates where the booths closed at the same time would have a 60 per cent reporting figure and another one would have 5 per cent, you know. This is three hours after the booth closed. I am wondering what work is being done for the next federal election. Over the last two weeks I have accessed the state electoral commission sites for results, both Western Australia and Queensland, and I have to say that I do not know what word would describe them other than just hopeless, because there is no preferred vote contained in them at all, which means most of the figures after the first glance at them are useless. I think you have had a much better track record than these state ones, which are probably in their embryonic stages of development. What plans have you got for the next federal election?

Mr Becker—The referendum last year—the year before—worked a lot better than the 1998 election. Beyond that I do not know that we have had any further changes that we are making to the actual election night system.

Mr Dacey—We are certainly not changing the system as such, but what we always do when we know that we have had some issues—and without knowing the particular issues you mention, or without being particular about them, we do get obviously variable results and variable speed of results—is attempt to address following each election by revising and reinforcing our training. Sometimes a slow result is for a variety of reasons, but we do find often that particular OICs or polling place managers might wait until they get both House and Senate counted before they phone in a result, which is contrary to our instructions. They should be counting House first and phoning that result in. We are aware of those delays and we reinforce that through training for the next time. In terms of the system itself, in our view it does not need changing.

Senator ROBERT RAY—I am asking you to appeal to a very narrow field of political junkies, which includes the minister at the table, me and a few others. It is quite often unclear on the night what you are providing. The networks often complicate it. Correct me if I am wrong, Minister, but what most of us would like to see is a reasonably fast primary vote count. And you do the calculations of that in percentage terms. That is fine. You then go on to do a distribution of preferences in probably 90 per cent of seats. I understand that for 10 per cent of seats, because of the closeness, fourth parties, et cetera, it becomes impossible. And you then usually do a matched booth preferred vote. Am I correct at this stage?

Mr Dacey—That is correct.

Senator ROBERT RAY—I think there is one addition that would be very useful. By that stage, the midpoint of the night, you have probably got 70 per cent of the primary vote counted and you will only go up to 80 per cent on the night, anyway. You might have 30 per cent of the matched booth preferred vote figures done. I would have thought it may be possible for you to write a program where you take the actual throw of preferences and that preferred vote of 30 per cent, extrapolate them into the 70 per cent and put a prediction in. I think it would make the results service on the night much clearer. It will not be perfect, but it will be much clearer on the night. Constantly, if you watch television, they are confusing the primary vote with your matched booth preferred vote. So—

Mr Dacey—But all of our booth votes are matched.

Senator ROBERT RAY—Yes, I understand that.

Mr Dacey—So there may be confusion between what the networks are showing and what the AEC is showing.

Senator ROBERT RAY—Yes. But I would like you to educate them a bit. Essentially they do this: they will put up the primaries—we accept that—and then they will have a little pendulum at the bottom of the screen showing the preferred vote swing. But none of the viewers know what that preferred vote swing is as a percentage of the total vote cast. Do you understand what I mean? It could only be as much as three per cent matched booth and they are predicting an eight per cent swing, when we have actually got 60 per cent or 70 per cent of the primaries in. Even if you cannot make that explicit to the networks, I am wondering how explicit that will be on your results service?

Mr Dacey—They usually have percentage of the vote counted.

Mr Becker—Yes, they do. They have a percentage of the vote counted. But the first thing you have got to do is pick your two candidate preferred. This time, when Des O'Shea did the Queensland election and you get the wild cards coming in there, he got 27 of them wrong.

Senator ROBERT RAY—I understand that difficulty. But if you go onto their web site you will not see one seat covered by preferred votes—not one.

Mr Becker—No, you will not.

Senator ROBERT RAY—The only alternative you have got is to go to the ABC one, where they do not make it clear whether it is actuals or they are a guesstimate in the computer, and then they have not updated it since 10.30 on election night anyway. Sorry, there are really two issues: the way you deal with the networks, which I cannot really interfere with, and the way you actually record it on your own web site for people actually wanting to see what is happening. I just make the suggestion that you have the matched booth primaries done very well. You have got the matched booth preferred done reasonably well, although I think you should have the percentage of the vote counted there as the primary, and if possible—and it may be possible to write into the program—a projection from the matched booth preferred back into the totality of the larger primary group to see what the end result would be. I think it would be more accurate than a lot of the guesstimates by the network computers.

Mr Becker—Sometimes the matches are good. We knew which booths were likely to go which way and so on.

Mr Dacey—The booth matching is not a problem. It is where you get the TCP call wrong occasionally.

Mr Becker—But that is always going to throw us.

Mr Dacey—But that only happened last election in one Queensland electorate.

Senator ROBERT RAY—The difficulty may well be, I acknowledge, that what your returning officers are ringing through to you booth by booth is a total preferred vote, not a breakdown of where each of the minor parties is in that preferred vote, which makes a projection much more difficult. I concede that.

Mr Dacey—Although that does come in later. We are quite happy to have a look at it and take that on board.

Senator ROBERT RAY—You are catering for a very narrow political segment here. But in the end, even with the media having access to those figures days later, you might get some slightly more sensible analysis than is currently available on those two states.

We have just had, I believe, a closure on Friday night, as far as I understand, on the reference of the member for Lilley, via actions by the AEC and the DPP to the Federal Police, et cetera. But I was reading in the newspapers that this matter was referred to the Electoral Commission by the minister's office on the Monday; is that correct?

Mr Cunliffe—I was acting commissioner at that date and the matter was drawn to our attention by the former minister's office.

Senator ROBERT RAY—Yes, the former minister's office. And that was by way of sending you transcripts?

Mr Cunliffe—Initially, it was by drawing our attention to the press coverage in that morning's *Courier-Mail*, from memory, and later on by sending a copy of transcripts from, I think, ABC local radio in Brisbane.

Senator ROBERT RAY—Were you able to verify whether the transcripts were correct and proper transcripts?

Mr Cunliffe—I did not seek separately to verify it, although other steps that were happening did appear to confirm it. What I did in fact was seek to have the matter referred originally to the DPP for advice on whether if the matters that were alleged were correct—or assuming those matters to have some foundation—there would be any matter that would be actionable in terms of a breach.

Senator ROBERT RAY—So there were two contacts from the minister's office?

Mr Cunliffe—Yes.

Senator ROBERT RAY—One to alert you to the issue and secondly a transcript of an ABC interview?

Mr Cunliffe—Yes.

Senator ROBERT RAY—Was that the one done by Wayne Sanderson?

Mr Cunliffe—I would have to go back and check. It may well have been. From memory, it purported to be with somebody who claimed to have witnessed one of the transactions take place. That is my memory at this stage. I can check into that and find out. But I think Wayne Sanderson may well be one of the names. Whether he was the interviewee or the host, I do not know.

Senator ROBERT RAY—I have gone back and read that transcript. If Wayne Sanderson had led the witness any more he would have to put a bridle and a bib on him. I think we have established at a previous hearing that it is a tradition to send these things to the DPP rather than seek advice from the Australian Government Solicitor's office. I think you have got precedent for that—

Mr Cunliffe—On potential criminal prosecutions generally.

Senator ROBERT RAY—Former Senator Bob Woods was one that followed a fairly similar route, I think, in that it went to the DPP for advice. So this then goes to the DPP. What do they then do? Do they give you advice, do they?

Mr Cunliffe—Yes.

Senator ROBERT RAY—You may not want to comment on that. I understood the advice was that there was insufficient evidence for a prosecution at this stage.

Mr Cunliffe—By the time that response was received the commissioner was back as commissioner, back on duty. But, yes, in broad terms my memory is that their advice was that potentially they could not rule out a criminal offence being founded. But they could not think it was a proper brief of evidence which had, if you like, confirmed all the possible evidence available.

Senator ROBERT RAY—Because in the Woods case—I think from an answer to a question on notice you gave me—they said there is no evidence from the so-called briber or bribee, so the matter could be taken no further. Am I summarising that correctly?

Mr Cunliffe—I cannot verify that case of former Senator Woods. I do not know. We would have to check that.

Senator ROBERT RAY—There is the answer you sent me to a question I put on notice last time. So you cannot remember the content of that answer?

Mr Cunliffe—Senator Woods? I recall a question about the Shooters Party. Is this the Shooters Party question?

Senator ROBERT RAY—Yes.

Mr Cunliffe—I am sorry.

Senator ROBERT RAY—Did that go to an AFP investigation?

Mr Cunliffe—I do not recall. I do not know. I believe the Woods matter was handled in New South Wales by our Sydney office. So we are not as familiar with the details as in a matter which has come through central office. We can check that detail, but I do not know from my knowledge of it what the exact state of affairs was.

Senator ROBERT RAY—Anyway, the advice comes back from the DPP. Does that recommend that you put it in the hands of the AFP or does that leave you to make the decision whether to put it in the hands of the AFP?

Mr Becker—It was recommended that we put it in the hands of the AFP, yes.

Senator ROBERT RAY—You acted properly on their advice?

Mr Becker—Yes.

Senator ROBERT RAY—What material did you send the DPP, simply the *Courier-Mail* and the ABC broadcast and nothing more?

Mr Cunliffe—Yes, nothing more. I do not think there was anything more. I do not remember us having anything more of any relevance.

Senator ROBERT RAY—I hope you sent Mr Swan's statement in parliament.

Mr Cunliffe—No, Senator. In fact, I am not even sure that he had made it at that point.

Senator ROBERT RAY—That would be right if it was done on the Monday, because I think Mr Swan made a statement in the parliament on Tuesday, from my recollection. So you then sent it off to the AFP for an investigation. Did they report it back to you?

Mr Cunliffe—We received an advice from them dated Friday's date but which we received this morning.

Senator ROBERT RAY—So they obviously told Mr Swan before you received it. Well, he was probably contactable and you were not.

Mr Cunliffe—That is probably right.

Senator ROBERT RAY—I do not think he wasted any time in announcing the decision. Allegations have been made in the press about the minister for sport, Ms Kelly. When did the minister's office ring you to bring those to your attention as to alleged criminal breaches of the Electoral Act?

Mr Cunliffe—Certainly, I have not had contact from the minister's office to that effect. I should point out that I was on leave from Christmas until early February.

Senator ROBERT RAY—Do not take this personally. When I say 'you', I mean the Electoral Commission. So let us spread it out amongst the table. Who received the call from the minister's office on allegations of Ms Kelly? No-one? When did the minister's office refer media reports of Mr Brough's involvement in electoral problems, which the AFP investigated and properly cleared him of? When did the minister's office ring the Electoral Commission about Mr Brough?

Mr Dacey—There were no calls, Senator.

Senator Abetz—Just bear with us.

Senator ROBERT RAY—Yes.

Senator Abetz—I was just checking as to my recollection of this. As I understand it, one of the people involved in fact referred the matter themselves to the Australian Electoral Commission, which then referred it to the AFP prior to the minister's office in fact being aware of it as an issue. So it was already in the hands of the AFP by the time the minister became aware of the issue.

Senator ROBERT RAY—I am just checking, because these things came out first with publicity. I am just checking whether the minister's office rang urgently like they did in the Swan matter to inform the Electoral Commission. We know they apparently did not in the case of Ms Kelly. I concede that this one is less clear-cut.

Senator Abetz—Which one of the Kelly matters are you referring to, because there was an AFP investigation into Ms Kelly which cleared her and then there was an attempt to—

Senator ROBERT RAY—There have been a variety of articles about a variety of issues, all of which are only alleged, which is the same as Mr Swan. I just cannot get over the keenness of this office, the minister's office, to belt a matter over to the Electoral Commission based on the word of a noted perjurer, a mad Trotskyist journalist, for investigation. I am just checking to make sure there is some consistency.

Senator Abetz—Just bear with us. In relation to the matter of Mr Swan, all that was done, as I understand it by the previous minister's office, was to say, 'Have you seen these media reports and what about a question time brief on the matter?' There was no suggestion that the matter should be referred to the Australian Federal Police.

Senator ROBERT RAY—I am just testing the civic-mindedness.

Senator Abetz—So there is a consistency.

Senator ROBERT RAY—What about the allegations with regard to Cook and the preferences deal done by a staffer of Mr Baird? That has had publicity. Has the minister's office contacted you about that and drawn that to your attention?

Mr Becker—We draw these things to our own attention.

Senator ROBERT RAY—I am sure you do. I am asking a specific question. Did the minister's office after this publicity—it was on the *7.30 Report*—rush over just to let you know so they could get a question time brief or alert you to the issue?

Senator Abetz—My advice is that the former minister's office did in fact once again ask for a question time brief on that issue.

Senator ROBERT RAY—When was that?

Senator Abetz—I will have to take that on notice.

Senator ROBERT RAY—And did that spark a reference to the DPP?

Senator Abetz—That is an independent decision, with respect, that the AEC makes.

Senator ROBERT RAY—Sorry, the question is to the AEC. It was not to you personally, but I like to send them through you so they are referenced properly.

Senator Abetz—Yes, but I would hate there to be an implication that we are trying to make the AEC refer matters to the DPP.

Senator ROBERT RAY—Did the AEC refer that matter to the DPP for advice?

Mr Becker—The Mayo one relating to Alexander Downer went to the DPP and the Trish Worth one went to the DPP.

Senator ROBERT RAY—Which one?

Mr Becker—The Trish Worth one.

Senator ROBERT RAY—Any Liberal who complains goes to the DPP. I understand.

Mr Becker—That went to the DPP from legal advice.

Senator ROBERT RAY—That is three.

Mr Becker—There was the cash for preferences one.

Senator ROBERT RAY—Yes, but not the Cook one. This is the offer to cover \$7,000 in printing costs in exchange for preferences. I am not alleging this is true, but it is out there in the public domain. It has publicity in newspapers, on radio and television. I am asking: did you refer that to the DPP for advice?

Mr Becker—No, not to my knowledge.

Senator ROBERT RAY—What is the difference between this allegation and Mr Swan's? What is the difference?

Mr Becker—I do not know this one, I am afraid. I think we would have to take that on notice, Senator.

Senator ROBERT RAY—This is about Mr Darren Boehm, an independent candidate in the seat of Cook. It is claimed a staffer of Mr Baird offered to cover \$7,000 in printing costs in exchange for preferences. It had a fair bit of publicity.

Senator FAULKNER—Was there a question time brief done on this one?

Mr Becker—No, I do not think we did.

Senator FAULKNER—Senator Ellison answered a question from me.

Mr Becker—Sorry, I am getting mixed messages. We will have to check it, Senator, I am sorry.

Senator ROBERT RAY—You can check it, but I am really interested in pursuing this. There is a complaint by Trish Worth and that goes off. There is a complaint by Alexander Downer, not that it concerns us, but that goes off. There is a query by the minister's office regarding Mr Swan and that goes off. Now for the first time we have a Liberal Party member in the frame and it apparently does not go off to the DPP or to the Federal Police. I am just asking where the consistency is.

Mr Becker—There is no attempt at making it inconsistent. One thing I will say—

Senator ROBERT RAY—Hold on. Sorry, but you are misunderstanding me. There is an inconsistency from the minister's office, and maybe the minister wants to answer it. I am not saying you are behaving inconsistently at this stage, because you have indicated you did not have much knowledge of this. I am just looking for a consistent approach.

Senator Abetz—Yes, and the consistent approach has been the request for question time briefs on the issues that are in the media at the time and nothing further. That is what the response was in relation to the Swan matter. My advice is that a question time brief was also sought in relation to the Cook matter.

Senator FAULKNER—If the minister does not generate a question time brief, there is no action.

Senator Abetz—That is not necessarily the right conclusion.

Senator ROBERT RAY—We are getting confirmation. I accept that people cannot answer this off the top of their heads. We will call it the Lilley matter and the Cook matter. We do not want to personalise it. Both of these matters are drawn to the attention of the Electoral Commission, but it seems from that point on there is a divergence. The Lilley matter goes to advice to the DPP. He says, ‘There is not enough evidence so you had better get the AFP in’—which I find passing strange, frankly. But then the Cook matter—I cannot see where it has gone to. I would have thought that it would have gone down exactly the same path, that there was consistency here.

Senator Abetz—Let us take that on notice and we will see what the history of the Cook matter was.

Mr Becker—Can I just add one other thing here? We had a meeting with the AFP last week—or the week before; a couple of weeks ago—and one of the things that has occurred to us is the fact that we are not always taking what appears to us to be a consistent path and that some of these sorts of directions that we head in seem to be subjective. So we are going to have a roundtable with the DPP and the AFP to work out a protocol.

Senator ROBERT RAY—I took it from the answer on Senator Woods—and, Minister, you would not have seen this so I do not expect a response—that in terms of similarity the two alleged cases were almost identical. But it seems to me that there is no evidence in the Woods case that it went to the AFP. Basically, the DPP says, ‘There is insufficient evidence,’ and so that ends it. In the Lilley case they say, ‘There is insufficient evidence so you had better go out on a fishing expedition and find it.’

Senator Abetz—But that was the advice of the DPP, as I understand the evidence.

Senator ROBERT RAY—Yes, but we are looking at the consistency of advice from the DPP as well here.

Senator Abetz—All right. Well, the conspiracy grows.

Senator ROBERT RAY—No, it is not a conspiracy. They do not send the Kelly matter off, they do not send the Brough matter off. I have got to ask another one: what about Mr Cameron Boardman?

Senator Abetz—I am sorry, the Kelly matter—they did.

Senator ROBERT RAY—From where?

Senator Abetz—I think the second time the matters that Senator Faulkner wrote to the—

Senator ROBERT RAY—Yes, but that is a separate matter, and that is not the minister’s office getting in contact and alerting them to the various newspaper articles and providing transcripts. I bet they did not provide any transcripts.

Senator FAULKNER—Which I might say, Senator Abetz, I have never made public. But you have made it public now.

Senator Abetz—What?

Senator ROBERT RAY—What you referred to.

Senator FAULKNER—What you just referred to about my contact with the AEC. I have never made that public. You just have at this Senate estimates committee.

Senator Abetz—Are you saying that you did not make contact with them?

Senator FAULKNER—No, I am saying I never made—

Senator ROBERT RAY—You never made any opportunist publicity out of it; he left it with them.

Senator FAULKNER—I did not ever make public the fact that I had communicated with the AEC, as the officers at the table would know, but you blurt it out in your incompetence in this hearing.

Senator Abetz—Are you ashamed of it?

Senator FAULKNER—I am not ashamed of it, but I do not make political capital out of these issues. There are other matters at times that members of parliament have referred to the—

Senator Abetz—We can read the transcript on the Joint Standing Committee on Electoral Matters—

Senator FAULKNER—Australian Federal Police that have not been made public.

CHAIR—Okay, Senator Faulkner. Senator Ray?

Senator ROBERT RAY—What about the publicity around the MLC in Victoria, because it is a joint roll arrangement. Mr Cameron Boardman seems to have multiple addresses but has not yet managed to vote at the address where he lives.

Mr Becker—It is not a joint roll, in Victoria; they just have a joint enrolment procedure. They maintain their own roll and—

Senator ROBERT RAY—He is at the same address for state electoral purposes and federal electoral purposes, so it affects the federal roll. That got a fair bit of publicity. Did the minister's office draw that to your attention and ask for a brief or anything?

Mr Becker—I certainly do not recall.

Senator FAULKNER—Are you aware in relation to the Boehm/Cook allegations, or issues, Mr Becker, that I in fact asked questions about this in Senate question time and the minister did appear to be referring to a question time briefing in his response?

Mr Becker—I am not aware of that, no.

Senator FAULKNER—Does anyone draw these sorts of things to your attention?

Senator ROBERT RAY—It looks like only the minister's office does and you have to be Labor to have your attention drawn to it.

Senator FAULKNER—This was a matter that I asked about in Senate question time—a question of Minister Ellison.

Mr Becker—What was the date of that; do you recall?

Senator FAULKNER—To be honest with you, Mr Becker, I did not bring a copy of the *Hansard* with me so I cannot tell you, but it was in the first sitting week.

Senator ROBERT RAY—This year?

Senator FAULKNER—Yes. But I will find the date.

Mr Becker—The first sitting week of this year?

Senator ROBERT RAY—No, I think that it was the last sitting week of last year. We are looking around about 5 December. That is why I sort of—if it was the first one, we would have asked you.

Senator Abetz—That is right, Senator.

Senator ROBERT RAY—But we were too scared to.

Senator Abetz—I can understand why.

Senator FAULKNER—It must have been the last sitting week of the last session. Anyway, I can get the date for you, Mr Becker.

Mr Becker—We can find it.

Senator ROBERT RAY—Tell us a bit more about the roundtable, because I think that is positive news.

Mr Becker—For the AFP.

Senator ROBERT RAY—People sending things to the Federal Police at the drop of a hat is starting to annoy me, and that is across the board. That part is not a partisan issue. It is like Jonathan Shier—getting them in because someone has leaked his management report, for heaven's sake. It becomes a joke. But you are actually being proactive.

Mr Becker—Let us go back a bit. Until about three years ago we used to have very regular meetings with the AFP. Then recently we felt—I think largely because of Senator Ellison's belief that there were not enough resources available to the electoral side of things in the AFP—that we ought to have perhaps not necessarily a unit but at least beef up some resources that would enable us to chase up a few more of these dual voters and so on. So I think as a consequence of that the AFP then contacted us and we just said, 'Okay, we will have a roundtable with them.' Then the issue of the involvement of the DPP came up, and so now we have suggested that we all have a get-together and try to work out a protocol that will apply from here on in. Say Senator Faulkner approaches us, as he did, and gives us information: we have to be pretty careful that we do not then go blurting that all over the place and people—

Senator FAULKNER—No, no, the minister just blurted it all over the place. I try to be careful about these things, too.

Mr Becker—It is so that people do not trample all over the evidence, if there is any. We are mindful of that. We have to make sure that we have our own protocols properly in place.

Senator ROBERT RAY—Let us just go and review the protocol, because I am still a bit unclear on the Lilley matter. The minister's office rings, first of all, to alert you. Who do they ring?

Mr Cunliffe—I do not know if I was the first recipient of a phone call or if they rang somebody who was put through to me.

Senator ROBERT RAY—That is fine.

Senator FAULKNER—Sorry, but you have to go back a step here, it seems to me, Mr Cunliffe. We are looking at the process. Either you receive a complaint or internally concerns are generated which you believe you should act on. It seems to me that it is either an internal or an external stimulus. That would be fair, wouldn't it?

Mr Cunliffe—Yes, and obviously very often the two are linked.

Senator FAULKNER—Yes, I appreciate that.

Mr Cunliffe—A matter would be raised externally and, on review, the view would be that it is something which, at least to our, if you like, minimalist level, would need some further advice or something.

Senator FAULKNER—Yes. What Senator Ray is trying to establish is that, once this has occurred, what routinely is the process that the Australian Electoral Commission adopts either as a result of an external complaint or concerns generated internally? Or is it, as you say correctly, a combination of both? Is there a routine checking mechanism or process that you can outline to the committee so that we can understand what occurs after a concern is triggered?

Mr Becker—It will largely depend on the nature of the concern and what information we have to work on. That could well be referred to the Australian Electoral Office in the state where the problem may be. This is one of our concerns, too—that we have had situations where the AEO have gone straight to the AFP of their own volition without central office knowing. So these are the things that we have to review. We have to make sure that we head down the same path in every case, because we have noticed inconsistencies, too. That is why we want a decent protocol.

Senator ROBERT RAY—Senator Faulkner has gone a bit in advance of me. I just want to go back. There were two calls that came in from the minister's office. Do not let me verbal you here. The first one was to alert the commission that there was an article in the *Courier-Mail* that contained allegations; is that right?

Mr Cunliffe—That is correct. I think it was the *Courier-Mail*.

Senator ROBERT RAY—And was a request given at that stage for a preparation of a question time brief?

Mr Cunliffe—I think that is correct. At that stage it may already in fact have been passed on. That is why I said initially that I was not sure whether the call first came to me or went to our person who would be the primary contact for a question time brief. I am not certain of that, but it certainly encompassed a request for a question time brief.

Senator ROBERT RAY—And then somewhat later—I have no idea how much later—a transcript of an ABC interview was sent.

Mr Cunliffe—An excerpt.

Senator ROBERT RAY—An excerpt? Not the full one?

Mr Cunliffe—It was, from the looks of it, a much longer program, and it was some sections from that program. I do not know whether it is a talkback program or—

Senator FAULKNER—It could have been *Four Corners*, perhaps, Mr Cunliffe.

Senator ROBERT RAY—No. This was on the Monday. So this is Sanderson and Birmingham, I take it.

Mr Cunliffe—It would be easy for us to go back and check to be exactly clear of what the content was, but it was not by any means, for instance, an entire 10 minutes of a program, which is very many pages.

Senator ROBERT RAY—So both of these things are sent to you to prepare a question time brief?

Mr Cunliffe—One we had—the *Courier-Mail*. My feeling is that it was in fact in the press clips on that day.

Senator ROBERT RAY—It would have been.

Mr Cunliffe—It was again, I think, in the context of the question time brief preparation. The second one was not something that we had at that stage.

Senator ROBERT RAY—Getting transcripts is harder than getting newspaper clips. I accept that. So you are about to prepare a question time brief. When the commission got the *Courier-Mail* article prior to the minister's office, what action was taken then?

Mr Cunliffe—I do not know exactly at what point, but at some point during the morning I certainly discussed internally with a number of our officers in effect whether the allegation amounted to something that we thought we needed some advice on from external sources. You will know that there are many years of history in relation to a range of areas, including matters such as so-called electoral bribery, which I think is the common parlance for the matter that was potentially raised. I do not claim to have that internal expertise, even to the extent that we in the AEC would see ourselves as being the experts. So I talked to a number of people about it on that basis.

Senator ROBERT RAY—You are not claiming that this decision and these discussions occurred before the first contact from the minister?

Mr Cunliffe—I do not believe so. I had not in fact seen the press clips at that point of the day. I cannot remember exactly what it was I was involved in, but it was something which I had not yet resolved.

Senator ROBERT RAY—So you have these internal discussions and you think you should seek advice?

Mr Cunliffe—No. In fact, it was only in the light of the transcript from the radio program that it, in my judgment, had reached a point where potentially there was something in the nature of an independent confirmation of what in the *Courier-Mail* story did not strike me as having any particular strength in terms of the way the article had been presented.

Senator ROBERT RAY—You do not consider any avenue other than DPP advice?

Mr Cunliffe—Given the nature of the question, that was the course that seemed appropriate initially; that is, to consider whether, as I outlined earlier, if the matters as alleged were true, that would constitute a possible offence.

Senator ROBERT RAY—What constituted the witness, as alleged? What was the evidence that you operated on? There was no evidence in either the transcript or the *Courier-Mail* that a deal had been done over preferences, was there?

Mr Cunliffe—I hesitate to answer that question without going back to that information to see exactly what was alleged.

Senator ROBERT RAY—I admit it is a while since I have read either as well, but the person making the allegation merely speculates on what may have been discussed when he himself says he was not in the room.

Mr Cunliffe—As I say, in the absence of the two in front of me, I am not sure.

Senator ROBERT RAY—I have to acknowledge: I think you did Mr Swan an enormous favour by having the thing fully investigated, because if the allegations had just hung around and there had been no thorough investigation they would have dogged him for a long while. I

am only going on these two things: the radio interview that I saw—I assume it is the same, but I read the whole one—and the *Courier-Mail*. There is no evidence, from the one witness that the two stories are based on, that a deal was done over preferences. It was all assumption, all qualified. ‘I assume,’ he says. I just wonder how that is substantive enough even to take to the DPP for advice and what was given to the DPP to enable them to make a decision.

Mr Becker—I suppose it is because we do not have our own investigatory unit. We do not have that sort of thing, so we have to get somebody else to have a look at it. I do not think you can just ignore it. You have to try to get some advice.

Senator ROBERT RAY—I would have thought that was right, except that I think you might have waited a bit longer. I mean, there is no question that there was a direct witness saying he picked up some money from Wayne Swan and delivered it to a Democrat. That is clear, and Mr Swan has not in any way denied that in parliament—but that in itself is not an offence. The offence would be to procure preferences by way of a monetary payment. In neither the article nor the transcript is there a direct witness who can say that occurred, other than a total guess when the person was out of the room that that is what occurred. I am just wondering if that is a sufficient basis for you to refer it to the DPP, because the DPP seems to come back and say, ‘There is hardly any evidence here. You better get it investigated.’ We cannot operate on that generally: ‘I am sorry: there is not enough evidence, really. We’ll investigate.’ Usually that is when you say you will not investigate—until more evidence emerges.

I just have some concerns about this. You say the minister’s office did not pressure you to do that. I accept that. I just think they are very inconsistent generally in what they refer to you. If it is a Labor person, they are into it like a big brown dog. If it is a Liberal, they are not heard from. Maybe they should not be because it is very much a case, I guess, of adversarial politics. It is our job to pursue Liberals. I understand that. I think you get caught in the middle. That is all. I do not think I have anything else.

Mr Becker—Mr Edgman might be able to remind us. Was there not an issue regarding the amount of money involved in that case? I know there is no defence in terms of disclosure.

Mr Cunliffe—There were issues raised of whether disclosure laws had been complied with, certainly.

Senator ROBERT RAY—Yes. That was a subsidiary issue, although in my experience—I have not had any experience in this way, but just in speculation—I cannot imagine anyone putting cash in an envelope and leaving the envelope open. Anyway, the credibility of that witness diminishes day by day. I mean, I am sure some of the things he says are true, but I also know that some of the things he says are categorical lies. Some of us know how the preferences were distributed, how many deals were done. There were deals done at a national level with the Democrats by the Liberal Party and the Labor Party. Both acknowledge it. The Liberal Party did theirs for Western Australian preferences. The Labor Party did theirs for Queensland preferences, with virtually no reference to locals. I think you came back with an answer on Cook, Minister. Was there extra material?

Senator Abetz—No.

Senator ROBERT RAY—That was to say nothing could be found yet?

Senator Abetz—No, that was to confirm that the request from the AEC in relation to the matter of Lilley was in fact just for a question time brief and not any suggestion that referrals would be made to the DPP.

Senator ROBERT RAY—I do not think even I ever alleged that, by the way.

Senator Abetz—Possibly we are rather sensitive to that suggestion. I do not know.

Senator ROBERT RAY—What I am suggesting is that there is an enormous keenness in that office—no doubt you will reform it—to draw the attention of the Electoral Commission to Labor problems and a complete reluctance to draw attention to conservative problems. I do not think that is in doubt.

Senator Abetz—I do not think that is a fair reflection on the professional staff of the AEC, who—

Senator ROBERT RAY—No, it was not. It was a reflection on the minister's office, not the AEC. Let me make that categorical, in case you missed the subtlety of it.

Senator Abetz—No, you have just acknowledged that the references were only for question time briefs. If there is a problem with us trying to get question time briefs, then so be it, if that is your concern.

Senator ROBERT RAY—You rush every transcript over, yet you do not rush any transcripts over about Jackie Kelly, Brough, Boardman and Baird.

Senator Abetz—Once again, you are wrong.

Senator ROBERT RAY—There is no monitoring there and no drawing quick attention to it.

Senator Abetz—No. Big assumptions. You can give your speeches later.

Senator ROBERT RAY—Accept that this is a sensitive area. You happen to represent two very sensitive areas in which some of the normal partisanship has to be missing. I am just saying you have to be conscious of that.

Senator Abetz—That is right.

Senator ROBERT RAY—You do not interject in the chamber making allegations now you are a minister—you should learn that lesson. You know what you did in the last session. You should just learn the lesson.

Senator Abetz—I know what you have been trawling around the place, which is incorrect.

Senator ROBERT RAY—I wrote down exactly what you said—exactly word for word.

Senator Abetz—Mr Hansard.

Senator ROBERT RAY—Yes, exactly. Just use a little more discretion when you are dealing with the areas you are dealing in. You have to put some of that partisanship aside.

Senator Abetz—I do not need a lecture from you, thank you, Senator Ray. If you have got questions, ask them.

Senator ROBERT RAY—You are getting one for free. The Electoral Commission and MAPS happen to be two very sensitive areas.

Senator Abetz—If you have questions, ask them. If you want to give me a lecture some time, that is fine. But don't waste the officials' time.

CHAIR—Could I just interrupt for a second? We have got about two or three minutes to go. Is that right?

Senator ROBERT RAY—We will resume tomorrow on this.

CHAIR—Yes, that is fine.

Senator ROBERT RAY—But I think we may have a brief discussion about the order tomorrow.

CHAIR—Sure.

Senator ROBERT RAY—We can let the officials go now. Are you with us all day tomorrow?

Senator Abetz—I think so.

Senator ROBERT RAY—This will help you then.

CHAIR—We look forward to it, Minister.

Senator Abetz—Unfortunately, yes. Chances are the feeling is mutual.

CHAIR—No, you will enjoy it.

Senator Abetz—I will enjoy it? Thank you.

Senator ROBERT RAY—We need someone to lecture. What I think we will be proposing to do tomorrow is to deal with program 1 in finance, then deal with MAPS, then come back to the Electoral Commission, I would imagine, at about 2 o'clock. So I think you can have the morning off pretty safely. Shortly thereafter, we will go into the long haul on outsourcing with OASITO. Does that suit you? You can make that timetable all right?

Mr Becker—This is fine.

Senator FAULKNER—Can I provide some information to Mr Becker? I indicate to you, Mr Becker, that I asked Senator Ellison questions about the Boehm /Cook allegations on 5 and 6 December, I have just been told. That might be a help. In the meantime, between now and tomorrow might you be able to establish in the first instance for me whether any question time briefs were generated on that issue and when. I was also going to request whether question time briefs had been requested for the two questions that Senator Abetz answered—the Dorothy Dix questions he answered—during his first week as a minister. I think there were only two, weren't there, Senator Abetz?

Senator Abetz—There were two questions without notice, if that is what you are referring to.

Senator FAULKNER—Yes, two Dorothy Dix questions.

Senator ROBERT RAY—You just got dobbed in by a staff member behind you.

Senator FAULKNER—I wonder if the AEC could indicate if and when those question time briefs were generated for those. I would also like to flag with you, Mr Becker and Mr Cunliffe, that, given the extraordinary indiscretion of Senator Abetz in raising this question of matters that have been referred by the AEC to the AFP for advice, I have no alternative but to address that issue also. We can do all that tomorrow. But I thought with one or two of those issues you might be able to assist us between now and when we resume tomorrow.

CHAIR—In conclusion, as the committee has not completed its examination of the Australian Electoral Commission, the committee will adjourn and continue at approximately 2 p.m. tomorrow. The committee will continue its examination of the Finance and Administration portfolio tomorrow morning, 20 February. I thank the minister, Hansard and Sound and Vision for their services. We will see you tomorrow.

Committee adjourned at 11.00 p.m.

