



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION
COMMITTEE

Consideration of Additional Estimates

TUESDAY, 12 MARCH 2002

CANBERRA

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SENATE
FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION COMMITTEE
Tuesday, 12 March 2002

Members: Senator Sandy Macdonald (*Chair*), Senator Hogg (*Deputy Chair*), Senators Bourne, Evans, Ferguson and Payne

Senators in attendance: Senators Bishop, Hogg, Sandy Macdonald and Payne

Committee met at 6.02 p.m.

DEFENCE PORTFOLIO

Consideration resumed from 22 February 2002.

In Attendance

Senator Heffernan, Parliamentary Secretary to Cabinet

Department of Veterans' Affairs

Outcome 4—The needs of the veteran community are identified, they are well informed of community and specific services and they are able to access such services.

4.1 Provide communication and community support and development services to the provider and veteran community including veterans local support groups

Output group 6.

Ms Felicity Barr, Division Head, Corporate Development

Mr Bill Maxwell, Division Head, Compensation and Support

Ms Carolyn Spiers, Branch Head, Employee Relations and Development

Ms Carol Bates, Branch Head, Parliamentary and Corporate Affairs, Corporate Development

Mr Mark Johnson, Branch Head, Disability Compensation, Compensation and Support

Mr Bob Hay, Branch Head Strategic Support Branch, Corporate Development

Mr Barry Telford, Branch Head, Health and Aged Care, Health

Output group 6—Provision of services to the parliament, ministerial services and the development of policy and internal operating regulations—attributed to outcomes 1 to 5.

Dr Neil Johnston, Secretary

Ms Felicity Barr, Division Head, Corporate Development

Mr Paul Pirani, Branch Head, Legal Services

Mr Murray Harrison, Manager, Information Management, Compensation and Support

Mr Sean Farrelly, Branch Head, Resources Branch, Corporate Development

Ms Karin Malmberg, Director, Budgets, Resources Branch, Corporate Development

Ms Karen Jones, Acting Branch Head, Commemorations, Corporate Development

Air Vice Marshal (Rt'd) Gary Beck, AO, Director, Office of Australian War Graves

Department of Veterans' Affairs

CHAIR—I declare open this meeting of the Senate Foreign Affairs, Defence and Trade Legislation Committee. I welcome Senator the Hon. Bill Heffernan, representing the Minister for Defence, and officers of the Department of Veterans' Affairs, especially you, Dr Johnston.

The committee last met to hear from Veterans' Affairs on 21 February 2002. At that hearing it considered the portfolio overview and outcomes 1, 2 and 3. This evening the committee will hear outcomes 4 and output group 6, which will conclude its consideration of the Defence portfolio, with the exception that, by arrangement today, we welcome Air Vice Marshal Gary Beck to answer further questions on war graves.

The committee has resolved that the deadline for provision of answers to questions taken on notice at this hearing is Wednesday 10 April 2002. When written questions on notice are received, the chair will state for the record the name of the senator who submitted the questions. The questions will be forwarded to the department for an answer.

Witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege. I also remind witnesses that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. The Senate has resolved that there are no areas in connection with expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees, unless the parliament has expressly provided otherwise. An officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy. However, you may be asked to explain government policy, describe how it differs from alternative policies and provide information on the process by which a particular policy was selected. An officer shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to the minister.

I just make the point that, if there is a division or quorum called, we will have to leave. As I said, we welcome Air Vice Marshal Gary Beck, who has agreed by prior arrangement to answer questions on outcome 3.

[6.07 p.m.]

Senator MARK BISHOP—Dr Johnston, thank you and your officers for returning to finish the estimates for DVA. I did indicate previously that I would need to pursue some questions only on outcomes 4 and 6. But, Mr Chairman, I did give notice through the minister's office this morning that I would like to pursue a matter which has arisen since 22 February, namely the proposed construction of an airport in France, on the battlefields where so many Australian diggers died in World War I. I thank Air Vice Marshal Gary Beck for attending at short notice to assist the committee. I presume, Air Vice Marshal, that these questions on this issue of French war graves are appropriately directed to you and not Dr Johnston?

Air Vice Marshal Beck—Yes.

Senator MARK BISHOP—There have been a number of press stories on this issue which are a little bit disturbing and about which there seems to be conflicting advice emanating from various government spokespersons. In the *Sydney Morning Herald* on 23 February, a spokesperson for the minister's office is quoted as saying, 'There were no Australians buried at the two locations,' that is, the two cemeteries that might be affected. Is that comment by the minister's office correct?

Air Vice Marshal Beck—If that statement was made on 23 February it would have been correct because the site has now changed. That was the situation as at 23 February. But the enlarged site they are now looking at is in a different area.

Senator MARK BISHOP—The *Sydney Morning Herald* report also refers to five cemeteries being threatened, not the two that were denied by the minister's office. Which report is correct?

Air Vice Marshal Beck—Actually there are eight. What has happened is this: since 23 February the French have nominated an enlarged site that avoids the town of Rosiers. Some Australians were reinterred in two cemeteries south-east of Rosiers after World War I. It was not an area of Australian operations, and they were only reinterred there from other areas.

Senator MARK BISHOP—How many were reinterred there?

Air Vice Marshal Beck—I have forgotten the exact number based on the 23 February sites, but in those other two cemeteries there was only a small number. I remember four in one cemetery and a couple in another. Now we are looking at 61 Australians among 1,200 graves in eight cemeteries in a much enlarged area to the south of Rosiers. There are three cemeteries that contain Australians: Fouquescourt, Bouchoir and Meharicourt communal cemeteries. Together those three cemeteries of the eight contain 61 Australians. Six of those are actually World War II Air Force burials.

Senator MARK BISHOP—The original advice that the minister's office gave out on or around 23 February was correct at the time?

Air Vice Marshal Beck—Yes.

Senator MARK BISHOP—The site of the proposed airport has been shifted, and the number of remains affected are of 61 Australians. Did you say there are 1,200 graves?

Air Vice Marshal Beck—The Commonwealth War Graves Commission has identified 1,200 Allied graves. I am not sure whether that includes French graves, and it certainly would not include German graves. But there would be a large preponderance of French and German graves in that area.

Senator MARK BISHOP—So there are the remains of 61 Australians in eight cemeteries in this particular area?

Air Vice Marshal Beck—They are only in three of those eight cemeteries.

Senator MARK BISHOP—I just want to get this right. There are 61 Australians interred in three cemeteries, out of a total of something in the order of 1,200.

Air Vice Marshal Beck—Yes, there are 1,200 Commonwealth War Graves Commission graves in eight cemeteries, and they are mostly English and Canadian.

Senator MARK BISHOP—The statement put out by Minister Downer that was reported in the Canberra paper and the *West Australian* today is essentially the status quo of knowledge, as we understand it?

Air Vice Marshal Beck—That would be correct. If you are referring to the joint press statement by Minister Vaile and Minister Downer, yes.

Senator MARK BISHOP—I am. Why is the original response from the spokesperson from the minister's office regarded as being now incorrect?

Air Vice Marshal Beck—Because they are different cemeteries in a different area.

Senator MARK BISHOP—How far away is the new area?

Air Vice Marshal Beck—The previous area was north-east of Rosiers; the new area is to the south of Rosiers.

Senator MARK BISHOP—What is the distance between the two areas?

Air Vice Marshal Beck—I am guessing, but it would probably be in the order of 60 kilometres.

Senator MARK BISHOP—Sixty kilometres?

Air Vice Marshal Beck—Yes, taking the boundaries of the two sites.

Senator MARK BISHOP—What is the size of the proposed new area?

Air Vice Marshal Beck—On a map it looks pretty large, but I do not know the scale of the map. There is no doubt that we are talking about a considerable number of square kilometres. I would have to take that question on notice, though.

Senator MARK BISHOP—I find it a little bit odd that there was inaccurate information, if you like, around 23 February.

Air Vice Marshal Beck—I am sorry, Senator. Perhaps you have misunderstood me. There was not any incorrect information. It came from my office, and we are talking about different sites, and there are a different number of cemeteries that have Australian graves.

Senator MARK BISHOP—Yes, I take that point. The distance between the two sites is not great. The outside boundaries, you said, were 60 kilometres. An airport that is going to cost something in the order of \$US10 billion or \$US12 billion is going to be a huge site, is it not?

Air Vice Marshal Beck—I suppose the area they have included is the footprint of a potential three-runway international airport, and they do not overlap. We are talking about non-overlapping sites and different cemeteries. It does not matter if they are only a kilometre apart; they are different areas.

Senator MARK BISHOP—Is it correct that, of the two sites identified, the former site and the current site, the first was objected to by the British government, and that has caused the change in location later enunciated by the French government?

Air Vice Marshal Beck—I have not heard that reasoning.

Senator MARK BISHOP—It has been reported in an international press article that the British government made objection to the location of the first site, because there were remains of British and Commonwealth soldiers interred there. Consequent upon those consultations with, or objections to, the French government, there has been a later announcement of a new area.

Air Vice Marshal Beck—There is no doubt that you are correct, in that the British government did object, but then so did the Australian government and the Canadian government.

Senator MARK BISHOP—When did the Australian government first object?

Air Vice Marshal Beck—Our process of objecting is through our membership of the Commonwealth War Graves Commission.

Senator MARK BISHOP—When was that issue first raised at that level?

Air Vice Marshal Beck—Letters went from the Director-General, Commonwealth War Graves Commission, through the joint committee between the French and the Commonwealth commissions.

Senator MARK BISHOP—When was that, sir?

Air Vice Marshal Beck—I do not know the date of that letter, but it was prior to 23 February. It was an issue we were dealing with earlier this year, certainly.

Senator MARK BISHOP—So it was an issue you were dealing with earlier this year. Was it an issue you were dealing with last year?

Air Vice Marshal Beck—I cannot remember when it first came up. I am not sure that I understand the point you are trying to get to. There were certainly very many more British graves than Australian. As I say, there are only a handful of Australians reinterred in these cemeteries, because it was not an area of Australian operations; it was a major area of British operations.

Senator MARK BISHOP—But there were some Australians reinterred there?

Air Vice Marshal Beck—Yes.

Senator MARK BISHOP—And your organisation had knowledge of that fact?

Air Vice Marshal Beck—Yes.

Senator MARK BISHOP—And you, through the peak organisation, the international organisation, initiated some discussions with the French government?

Air Vice Marshal Beck—Yes.

Senator MARK BISHOP—When did you first initiate that process of consultation or objection?

Air Vice Marshal Beck—I would have to take that on notice and advise you, because it was some time earlier this year, but I cannot say closer than that.

Senator MARK BISHOP—So it was some time earlier this year?

Air Vice Marshal Beck—Yes.

Senator MARK BISHOP—It was not last year?

Air Vice Marshal Beck—It might have been late last year; I do not know.

Senator MARK BISHOP—Is it possible to find out?

Air Vice Marshal Beck—Yes; I will take it on notice.

Senator MARK BISHOP—Is it possible for your office to be consulted, and the file accessed?

Air Vice Marshal Beck—I beg your pardon?

Senator MARK BISHOP—Is it possible for you to consult your office and advise the committee in the next few minutes?

Air Vice Marshal Beck—No. There would be no-one in the office now.

Senator MARK BISHOP—No-one in the office?

Air Vice Marshal Beck—No.

Senator MARK BISHOP—Okay.

Air Vice Marshal Beck—Just a point about the French government reacting to British objections: I would have thought they were but one. The whole aviation industry in France is reacting against the proposal. No doubt many people in the largest town in the area, Rosiers, would be objecting too. So as for on what basis the French government changed the area, that would be supposition.

Senator MARK BISHOP—That is right; and on what basis the French government comes to its decisions is its business.

Air Vice Marshal Beck—Yes.

Senator MARK BISHOP—What I am trying to establish is when the Australian government first took a significant interest in this matter.

Air Vice Marshal Beck—Within a day of the British government taking action, because we jointly do it through the commission.

Senator MARK BISHOP—But you do not recall the exact date, apart from that it was some time this year?

Air Vice Marshal Beck—It might have been late last year.

Senator MARK BISHOP—It is a fairly serious matter, isn't it, the reintering of the remains of fallen soldiers?

Air Vice Marshal Beck—It is a serious matter, but in my business we are dealing with it rather frequently.

Senator MARK BISHOP—How often does this occur?

Air Vice Marshal Beck—In every quarterly commission report there are instances of exhumation and reinterment around the world. There is one at the moment where a former war cemetery is now a car park in Durban, South Africa; and so that is on the agenda for the meeting tomorrow.

Dr Johnston—It is fair to say that over the decades it has not been uncommon to relocate cemeteries or relocate individuals. The highest priority on the part of the Commonwealth War Graves Commission is to make sure that, when that circumstance arises, there is appropriate respect and ceremony to mark the significance of the individual and the circumstance of their relocation. But over the decades it has not been uncommon for cemeteries to have to be relocated, and that is something that the Commonwealth War Graves Commission has to deal with year by year.

Another consideration of course is—how should I put it?—the significance of the location to countries and to their veterans. That has been particularly relevant in this latest proposal—and questions are being raised—and there is a similar site in Belgium being proposed for extension of a freeway. I think it is fair to say that the British veteran community in particular have signalled that they are very concerned about the impact, just because of the significance of the site, as well as the possibility or prospect that graves might have to be relocated.

Senator MARK BISHOP—I accept that, Dr Johnston: it is a serious matter, and the agency does pay attention to it. I am simply trying to establish, in the instant matter, when the government first became aware that there was going to be reinterment of fallen Australian soldiers, and the air vice marshal advises that it was either late last year or early this year. That is where we are at. We are advised that there is an extensive freeway network—which sounds rather logical—which is going to cover a number of graves, but its location is uncertain. Do we have any advice on that?

Air Vice Marshal Beck—Are we still talking about the airport proposal?

Senator MARK BISHOP—We are, yes.

Air Vice Marshal Beck—And your question is whether the freeway—

Senator MARK BISHOP—Whether the freeway that is associated with the proposed new site will cover the graves of any persons interred.

Air Vice Marshal Beck—The only way I could answer that is to say that historically, as the secretary has said, the French have been exceptionally good in coordinating the development of any freeway area, and the commission has no complaints on that matter. They

very much respect the Commonwealth War Graves Commission cemeteries right throughout France—and there are 800 cemeteries.

Senator MARK BISHOP—So you do not have any advice at this stage that the freeways associated with the proposed new site will cover-off war graves or cemeteries?

Air Vice Marshal Beck—The shaded area I have seen on the map looks like a noise footprint of a three-runway airport. It does not seem to include any adjoining freeways. However, the process would be identical. Could I just add that, to put this in perspective, we are talking about a period of 10 to 20 years before anything happens. So we need to bear that in mind. The French government has asked for wider public consultation, and as a result the Australian government would obviously be cautious in how they approach the French government at this stage. It is not a question of expressing deep concern, because nothing has happened. They are simply asking for opinions and advice.

Senator MARK BISHOP—So is it fair to say that the French government have identified a new site; that at this stage it is merely a proposal; and that they have called for and are now intending to go through the public consultation process to deal with the issues associated with such sites?

Air Vice Marshal Beck—Absolutely correct.

Senator MARK BISHOP—You say that the forward planning is for the building of the airport to be something in the order of 10 to 20 years?

Air Vice Marshal Beck—Yes; if ever.

Senator MARK BISHOP—‘If ever.’ Why do you say that?

Air Vice Marshal Beck—The French aviation industry would prefer to extend Charles de Gaulle Airport. There is a large lobby group opposed to the development of another airport.

Senator MARK BISHOP—The airport was described in the *Sydney Morning Herald* article I referred to by a French war historian as ‘the airport of shame’, and it is also said to be the subject of much resistance from the local French community who, I am advised, feel very deeply for the Australian engagement in prior conflicts and the terrible losses. Have we had any either formal or informal consultation with the local community as yet?

Air Vice Marshal Beck—No, we have not; we have not had an opportunity to talk to locals. I would think they are just another voice of concern. There is a philosophical view here that the very men who fought for France’s freedom are now being used to prevent development. That is not a view that it is my role to uphold; nevertheless, it is another view. There are all sorts of views being expressed.

Senator MARK BISHOP—Who is putting that view?

Air Vice Marshal Beck—I read it in one of the papers.

Senator MARK BISHOP—Is that a view of the government?

Air Vice Marshal Beck—Obviously not.

Senator MARK BISHOP—Of our government?

Air Vice Marshal Beck—No, obviously not. It is not my view. I am just saying it is a view. There are all sorts of views that are being expressed, and the French government obviously needs to develop freeways and highways and maybe airports, and the Geneva convention allows, with overriding public need, for graves to be relocated. It is just a process.

Senator MARK BISHOP—As part of the French government's public consultation process, presumably they would consult with their local community. In these sorts of matters, where there is intense interest within the Australian community and particularly the veterans community as to these war cemeteries and sites, is there any suggestion from our side that we would also consult with the local community?

Air Vice Marshal Beck—I am not sure we had thought to consult with the local community, because it is not an action that we are taking; we are reacting to a French action. I would think that it is the French government's—

Senator MARK BISHOP—But the local community, as I understand it, regard a lot of their villages as currently being in existence due to the bravery and valour of Australian soldiers, amongst others, in previous conflicts.

Air Vice Marshal Beck—Yes.

Senator MARK BISHOP—And there is a deep attachment to those persons who fell.

Air Vice Marshal Beck—Absolutely.

Senator MARK BISHOP—And they have some relationship with this country. On that basis, I wonder whether it is part of our government's intention that there should be a degree of consultation at all with these people.

Air Vice Marshal Beck—You are right to say that about the French villagers, but I think they would be equally concerned about their own homes being relocated. So I would think we have strong allies in those villages.

Senator MARK BISHOP—But the short answer is that there is no intention on the part of the current government to consult with those persons?

Air Vice Marshal Beck—I could raise the issue with the minister, but it had not occurred to me to advise the minister accordingly.

Senator MARK BISHOP—How many war graves do we think it will be necessary to relocate if the current footprint, as we understand it, of the airport area does come to pass?

Air Vice Marshal Beck—The current footprint may not necessarily require the relocation of any cemeteries; but, on the other hand, right smack in the middle of this area there is one cemetery that has 49 Australian graves in it. So, if the cemetery goes ahead there, I would imagine that the graves in that cemetery would have to be relocated. But I could imagine, equally, that all the cemeteries dotted around and within the perimeter of an airfield could remain.

Senator MARK BISHOP—What is the name of that one cemetery you identified with 49 persons in it?

Air Vice Marshal Beck—Fouquescourt British cemetery. There are a lot more than 49, but there are 49 Australians there.

Senator MARK BISHOP—In the other cemeteries?

Air Vice Marshal Beck—There are six in one and six in the other.

Senator MARK BISHOP—Is it also true that there are, and there will continue to be, countless unmarked graves of Australians who fell and remain forever beneath the soil? Is that correct?

Air Vice Marshal Beck—That is probably correct.

Senator MARK BISHOP—Do we have any idea at all of how many persons fall into that category?

Air Vice Marshal Beck—Yes, we would know exactly. Their names are all recorded on memorials for the missing in France.

Senator MARK BISHOP—What is the number?

Air Vice Marshal Beck—I would have to check, but it would be in the order of 12,000.

Senator MARK BISHOP—So there are about 12,000 who fell in battle and have remained unidentified?

Air Vice Marshal Beck—That may include Belgium: the predominant number of that unknown may be in Belgium.

Senator MARK BISHOP—The predominant number may be in Belgium?

Air Vice Marshal Beck—Maybe. There are three memorials in Belgium and France: the Menin Gate at Ypres; a cemetery in northern France with a memorial to the missing; and Villers-Bretonneux, our national memorial, which has a considerable number on it. So it might be more than 12,000.

Dr Johnston—Those numbers are not specific to the site that we are discussing.

Senator MARK BISHOP—So there are 12,000—in all of the battlefields in total—who are interred and unidentified?

Air Vice Marshal Beck—Yes. Another relevant part of that answer is that this was not an area of Australian operations; and so, while there are many unknown graves in this area, we would not expect there to be any Australian—not that that makes it any less significant. But it was not an area of Australian operations.

Senator MARK BISHOP—The *Sydney Morning Herald* article reported that the French government had assured Australia that there were no Australian graves affected. That is just not correct, is it?

Air Vice Marshal Beck—There are no graves affected yet, unless that means affected by the footprint. I am not sure what they are referring to.

Senator MARK BISHOP—But there are graves and cemeteries affected by the footprint?

Air Vice Marshal Beck—Yes; but whether the French government knows that or not, I do not know. I would rely on what the commission says, and our records confirm the 61 Australians within that footprint.

Senator MARK BISHOP—I am relying on a press article. To the extent that the *Sydney Morning Herald* journalist reported that the French government had assured Australia that there are no Australian graves affected, you just say that is—according to our knowledge—incorrect?

Dr Johnston—Moreover, we would not look to the French government for an authoritative statement on that. We would look to the Commonwealth War Graves Commission and to our own records to determine whether that was the case.

Air Vice Marshal Beck—And I know of no such assurance from the French government.

Senator MARK BISHOP—Do we know how many Australian men actually died in the region covered by the footprint?

Air Vice Marshal Beck—How many men, or how many Australian men?

Senator MARK BISHOP—Australian men.

Air Vice Marshal Beck—It was not an area of Australian operations, and so there may have been none.

Senator MARK BISHOP—There may have been none, but you cannot categorically say that?

Air Vice Marshal Beck—No. I would not dare to suggest that there were none, but there may have been none.

Senator MARK BISHOP—But you do not have any figure that you can provide to us of Australian soldiers who died in the area covered by the proposed footprint of the new site?

Air Vice Marshal Beck—I would be relying on a historian who probably said none, because of two facts: one, it was not an area of Australian operations; and, two, we know the Australians buried in those three cemeteries were reinterred there from other sites after the war.

Senator MARK BISHOP—Again, Air Vice Marshal, the *Sydney Sunday Telegraph* article said that the land was granted ‘in perpetuity by the French government as a gift to the peoples of Britain and the Commonwealth, and the graves can only be moved for reasons of state’. Is this correct?

Air Vice Marshal Beck—It sounds right. I have not heard the phrase ‘reasons of state’, but I would say that would be the equivalent of ‘overriding public necessity’.

Senator MARK BISHOP—I know what a grant in perpetuity means. Is that a conditional grant, such that the French government can use the land at a later time for purposes it determines?

Air Vice Marshal Beck—Certainly. They do not relinquish sovereignty.

Senator MARK BISHOP—When the French government made that grant as a gift to the peoples of Britain and the Commonwealth, what does that mean?

Air Vice Marshal Beck—It means that the Commonwealth War Graves Commission forever has use of that land, unless circumstances are such that the French government needs to regain that land.

Senator MARK BISHOP—What are those circumstances?

Air Vice Marshal Beck—I suppose it is up to the French government to define ‘overriding public necessity’, and therefore abide by the Geneva convention.

Senator MARK BISHOP—The Geneva convention establishes a protocol on these issues?

Air Vice Marshal Beck—Yes.

Senator MARK BISHOP—What is the phrase that you used?

Air Vice Marshal Beck—I could stand corrected, but I think it is ‘overriding public necessity’.

Dr Johnston—Senator, if you do not mind, we might confirm that in writing.

Senator MARK BISHOP—I used the phrase that the paper used: ‘reasons of state’.

Air Vice Marshal Beck—I like that, too.

Senator MARK BISHOP—But you are not familiar with the phrase?

Air Vice Marshal Beck—No.

Senator MARK BISHOP—Are you, Dr Johnston?

Dr Johnston—No, but I understand the point to your question; and we would like to have on the record in very clear terms what the formal conventions are.

Senator MARK BISHOP—Whether it is reasons of state or overwhelming public interest or public concern, presumably this has occurred in other parts of the world, where war graves and cemeteries and the like have had to be resumed by the host nation. Is that correct?

Air Vice Marshal Beck—That is correct.

Dr Johnston—As I said, Senator, it has not been uncommon over the decades for cemeteries to have to be relocated, and there needs to be due process and proper public consideration of the various considerations. But it is imperative when that happens that there be appropriate respect and due regard for the circumstances of the individuals who are being relocated.

Senator MARK BISHOP—Yes. To be fair, in the past when unknown soldiers have been found at former battles sites, they have been interred with appropriate respect; so I am not being critical there.

Dr Johnston—There is a long tradition of that, yes.

Senator MARK BISHOP—Perhaps, Dr Johnston, or you, Air Vice Marshal, could take on notice what protocols, if any, the Australian government is party to that regulate this issue of relocation of war graves or war cemeteries; what is the appropriate phrase, whether it be ‘reasons of state’ or ‘overriding public concern’. You could also provide us with what is meant by that; under what circumstances the host government can invoke it; if there are any obligations upon the host government to consult with our government; and if there are any appeal mechanisms. That is a fair bit, but perhaps you could take that on notice and provide it.

Air Vice Marshal Beck—Yes.

Senator MARK BISHOP—On this issue, then, does the Australian government have a formal position on the relocation of war graves or war cemeteries?

Air Vice Marshal Beck—Yes, certainly it has; and that has been standard for 85 years, since the commission was formed. We are a founding member. We participate in all the meetings. This is an issue that is raised at every meeting. For single reinterments, it is the responsibility of the director-general of the commission. For large numbers of reinterments, the matter is considered by all members of the commission, which would include the Australian High Commissioner in London.

Senator MARK BISHOP—Have successive Australian governments—or your agency, indeed, sir—established a standard position to put in that instance, where there are multiple graves or multiple cemeteries?

Air Vice Marshal Beck—The standard position is as agreed within the commission, and that is that they will strongly oppose any relocation of graves, except in the most extenuating circumstances.

Senator MARK BISHOP—And does the desire of a government to build a new airport come within that category of extenuating circumstances?

Air Vice Marshal Beck—It sounds like it to me.

Dr Johnston—Senator, the Commonwealth War Graves Commission has made known to the French authorities its concern about the proposals, in the terms that Air Vice Marshal Beck has just been speaking in. But, of course, subject to the clarification in writing for you, the French government still may decide, after weighing up all the considerations, that there is an overriding public benefit and, with due respect to the circumstances, may proceed with an airport.

Senator MARK BISHOP—And, if they come to that view, they have a sovereign right to give effect to that view?

Dr Johnston—I expect that we will be able to confirm that in the terms of the convention.

Air Vice Marshal Beck—Could I just add another dimension to this. To build an airport on a battlefield, the archaeological digs that are going to go on and the delays that are going to occur to construction are going to make this a monumentally expensive proposition, and that alone may force the government to look elsewhere.

Senator MARK BISHOP—Thank you, Air Vice Marshal Beck.

Air Vice Marshal Beck—Thanks, Senator.

CHAIR—Thank you, Air Vice Marshal Beck.

Dr Johnston—I take it, Mr Chairman, that Air Vice Marshal Beck can be excused?

CHAIR—Air Vice Marshal Beck is granted leave, thank you.

[6.38 p.m.]

CHAIR—We proceed now to outcome 4 and output group 6, Dr Johnston, if your people are at the table to handle those two outputs.

Dr Johnston—I think we are waiting to see the colour of the senator's questions.

Senator MARK BISHOP—I have had a couple of pieces of correspondence from persons who provide chiropractic services and from another firm—Merringtons by name—involved in the provision of spectacles. They have made some complaints about DVA. Turning to the chiropractor first, a Mr Michael McKibbin came to see me. His complaint was about DVA's insistence that LMOs—licensed medical operators—operate as gatekeepers, his view being that this is a waste of money. I do not understand the shift in policy with respect to prior approval, either for allied health services or for hospital care. Could you briefly outline it to the committee, for the record?

Dr Johnston—We would have thought this would be a question under program 2. If you like, I can make some points, but we might want to take the detail of that on notice.

Senator MARK BISHOP—I see. I would have asked it last week or last fortnight in program 4.

Dr Johnston—Yes. But it is true to say that we do, in our delivery framework, regard the local medical officer as a critical gatekeeper in the way services are directed to veterans. By and large, we feel that that framework works very well for veterans. One of the greatest difficulties, I would suggest, in providing good health care, particularly for aged veterans, is linking the various services and making sure that there is appropriate interaction among the types of services that a veteran needs; and a LMO is a critical facilitator of that part of our service delivery.

Senator MARK BISHOP—Why are they so critical?

Dr Johnston—Just because they have the confidence of the veteran, they have a knowledge of their overall health circumstance. They are in a position to advise the veteran in confidence on the options that are available to them. It just makes the system work.

Senator MARK BISHOP—The complaint I had was that it was a restraint of trade issue; that GPs generally are reluctant to refer patients—in our case, DVA people—to chiropractors. The gentleman's complaint was that persons who were affected had to go and see their GP and, unless they requested a referral to a particular chiropractor, most GPs did not volunteer that assistance and, indeed, in some cases refused to do so—because some GPs do not regard chiropractors as persons of equal professional standing. Does the DVA have a view on that?

Dr Johnston—I think it is fair to say that the reliance on the LMO can be subject to the perspective that a general practitioner brings to what is good quality health care for the veteran community. It does not, of course, remove the flexibility of the veteran still taking up those options. But it would be fair to say that under the Veterans' Entitlements Act we focus on providing through our scheme health care that is recognised by the health profession more broadly. So, for example, it is often a point of comment by veterans that they do not have access to so-called alternative health care treatments. That is a point of sensitivity and we are very alert to that as a potential criticism. We seek to facilitate research and dialogue within the professions, to bring that type of treatment into the family of health care services. But, as you would expect, a government agency by and large should work through recognised forms of health care in the community.

Senator MARK BISHOP—So you note the complaint, but there is no proposal under consideration to change current policy as far as LMOs acting as gatekeepers is concerned?

Dr Johnston—Not at the moment, but possibly I should take that point on notice so that our staff can give you a considered response. If there is a particular individual circumstance in the complaint, we would be happy to look at that on a private basis, outside the committee.

Senator MARK BISHOP—I will forward the correspondence on to you, Dr Johnston. It is not particularly private; he raises the issue of DVA not being subject to national competition policy legislation, and the gatekeeper issue. He asks what evidence DVA has to substantiate the position that medical gatekeepers can be trusted to act in the best interests of these patients and of the public. You have answered that; so, if you can give me a considered written response, I will forward this to you as well for comment.

Dr Johnston—Thank you.

Senator MARK BISHOP—The other more serious issue related to a complaint surrounding the tendering process for optometry supplies, where the disappointed provider claimed to have been bypassed in the provision of information and in the issue of invitations to participate. In particular I refer to Merringtons Optometrists, who wrote to Ms Narelle Hohnke, the branch head of Health Services, DVA, in the ACT on 18 February, with a copy to me and various other persons. Could you outline on the public record the process in respect of tendering?

Dr Johnston—I would be wise to take that on notice. I would be surprised if there were foundation for a criticism of that nature. The recent tendering process we have been through for provision of glasses has been the subject of extensive consultation with the industry. I would be surprised if there were a supplier who had not been aware of what was going on. But it may be the case, and I think I should take that on notice.

Senator MARK BISHOP—One of your officers will have a copy of the correspondence—

Dr Johnston—Ms Hohnke is the head of the branch that is responsible for that.

Senator MARK BISHOP—If you could take that on notice and give us a considered response, that would be appreciated.

Dr Johnston—Yes.

Senator MARK BISHOP—Mr Scott, when he was minister, put out a press release in May of 2001. I am trying to find a reference for you. It was to do with the 2001-02 budget, and at the bottom of page 1 he said that other initiatives in the VAB, or Veterans' Affairs budget, included:

a continued commitment to the use of agency arrangements to maintain an expanded network of Veterans' Affairs offices, delivering services to members of the veteran community living in regional Australia;

You would be familiar with that?

Dr Johnston—Yes.

Senator MARK BISHOP—What additional funds have been provided to do this?

Dr Johnston—There was provision in the last budget for continuation of a program which did provide some modest supplementation of that network of service delivery. But much of the network has also been resourced from, as it were, background departmental funds. My colleague has just drawn my attention to page 60 of last year's budget statements, which indicates that there was provision for half a million dollars per annum in total to continue that program. Have we got the right document?

Mr Farrelly—No; it is the portfolio budget—

Dr Johnston—Last year's budget?

Senator MARK BISHOP—Additional estimates, page 60.

Dr Johnston—Yes. The item at the top of that page is the item that that reference is directed to.

Senator MARK BISHOP—So that was an additional allocation of half a million dollars?

Dr Johnston—It was not additional; it was renewal of a lapsing program. That, together with resources within the department, is the resource in total that is available to maintain that network of agency services.

Senator MARK BISHOP—When had the previous program lapsed?

Dr Johnston—It was lapsing that year, as I recall. Sorry, Senator: the budget allocation was lapsing last year, and so this measure is the continuation of that funding on an ongoing basis.

Senator MARK BISHOP—'Lapsing' means that the program—

Dr Johnston—The initial initiative had only been resourced, I think, for four years; and so it had got to the point where the government had to decide, given its priorities, whether to maintain funding for that measure or to do something else.

Senator MARK BISHOP—So they have continued to fund it to the tune of half a million dollars per year; is that right?

Dr Johnston—That is correct.

Senator MARK BISHOP—Is that an additional allocation? Or have you found that money internally?

Dr Johnston—Over a period of years, we have also resourced that area of activity of the department through our own base budget as a department. So this is a contribution; this is not the total cost of the network of agency arrangements that we have around the country.

Senator MARK BISHOP—In fact, there was a shortfall of funding to cover the administration of that network of agencies, and the government has anteed up half a million dollars a year to meet needs; is that correct?

Dr Johnston—I think it has been useful for the government to have a program which is seen as contributing to that network. It has never been seen by the government or by the department as the only resource that might be available to maintain that network of services.

Senator MARK BISHOP—No. You do not have to jump at shadows—

Dr Johnston—No.

Senator MARK BISHOP—I am not being critical of this particular program. I am just trying to establish, with regard to the additional funding that is in the budget papers to the tune of half a million dollars a year, firstly, whether it is additional; and, if so, in previous years whether it was wholly funded internally from broad budget appropriations?

Ms Barr—If I may comment, Dr Johnston, I was formerly division head, Health Services, when this government came to office and the minister of the day commissioned a policy to improve our services to veterans in rural and remote areas. In preparing that policy statement, we identified a need for additional support to be given to ageing veterans, in particular in rural and remote areas; and out of that policy was born the establishment of the first agency services in areas where the number of veterans was not sufficient to justify establishment of a full Department of Veterans' Affairs office. You would be aware, of course, that we do run Veterans' Affairs Network offices around the country, in areas where there are sufficient numbers of the veteran population to sustain a full office. In other areas, we have entered into agency arrangements, and the funding was provided by government, but we have also supplemented that by squirrelling away departmental resources to provide agency arrangements in areas where we have identified an extra need.

Senator MARK BISHOP—So you do not send it back to general revenue?

Senator HOGG—I was about to ask where you squirrel it. I would like to know. Also, how does Finance not find out about this?

Ms Barr—It is a very open program, and it is part of the department's obligation of meeting its services to veterans wherever they live.

Senator HOGG—I am not knocking it. If you can squirrel it away and hide it—not hide it, but—

Ms Barr—It is purely an administrative strategy.

Senator HOGG—If you hide it from Finance, using an administrative strategy that Finance have not tweaked to—and I hope they do not read the *Hansard*—then congratulations.

Ms Barr—Finance are very well aware of our efforts in veterans' service improvement.

Senator MARK BISHOP—What is the total cost of running the rural service delivery arrangements through this network? Perhaps that is the question.

Dr Johnston—I do not think we would have that figure with us. We would have to take that on notice. I apologise, Senator. We were trying to sort out at what level that particular

program had been running before last year, and I think I need to take that on notice, just to confirm that as well.

Senator MARK BISHOP—All right then. Please take that on notice. Can you also provide me, on notice, with the amounts that were appropriated to the department for the setting up and administration and running of that network, and the line items that were appropriated for that; and how much additional funds are required to be allocated internally to meet its actual running costs?

Dr Johnston—Can I just make a point there, just to clarify: your choice of words could be taken to imply that it is an alternative or an add-on. It is certainly an add-on in terms of the quality of service from our point of view. But in some ways it is a replacement of a previous service. For example, the department also has country visits programs where we hold seminars around the country and so on. We still do that. So there is in some respects a recasting of the service that, in the past, has been done by officers travelling extensively—which now they can do in tandem with a service agency in a local area. That brings more local knowledge and so on. So it is not just an add-on; it is a reshaping of some past services—to give a better service, we would argue. But it is not totally new. There has been a service of sorts in those regions in the past as well.

Senator MARK BISHOP—I take that point, Dr, Johnston. I am seeking to find the costing and actual expenses involved in the setting up and the ongoing administration, and the sources of funding that were additional to line items identified in the relevant PBS previously. That is what I am after.

Dr Johnston—That is fine.

Senator MARK BISHOP—Have you done any evaluation on the existing range of agency arrangements with respect to cost effectiveness?

Mr Hay—We have a range of evaluation activities to look at the cost effectiveness of the operations. They are administered through the appropriate state in which those agency arrangements are conducted, and they vary, depending upon the nature of the contractual arrangements that are put in place.

Senator MARK BISHOP—Where do the bulk of these agencies exist? They are almost exclusively on the east coast, aren't they?

Mr Hay—Yes; they are predominantly in New South Wales and Queensland.

Senator MARK BISHOP—So it would be the local officers in the state branches at DVA that do that evaluation?

Mr Hay—The state officers administer the program in their state; they determine where it is appropriate for such agencies or services to be provided and they undertake whatever action is necessary to provide services in those areas. That is depending, essentially, on trying to increase the presence of DVA through the agency network to support the veteran community. Once an agency has been engaged to provide those services, then there is an ongoing management relationship with that agency to review its performance and to provide support for its performance.

Senator MARK BISHOP—So we set up the agency, supervised by the branch officers in New South Wales and Queensland; and there is a contractual relationship entered into. I understand all of that background and establishment work, and so we can perhaps leave that. The question then becomes: have you done any evaluation of the cost effectiveness of the new agency arrangements?

Mr Hay—Yes. The states will administer it, so they will assess the cost effectiveness of it. That means that they will evaluate its performance against whatever criteria are appropriate to examine its performance. In addition to that, we have national review strategies that are available and have been put in place to look at the process and the administration of the process. But the decision or determination as to whether the best value for money for those arrangements is being obtained is part of the normal management practice of engaging a provider for the delivery of services.

Senator MARK BISHOP—So there is an evaluation carried out of each agency as to cost effectiveness?

Mr Hay—There is an evaluation. The timing of those evaluations does depend upon when the arrangements started and how long they have been in place. In addition, some arrangements are with state governments, which have a network themselves—for example, the New South Wales government access program, which I think is called NGAC—and they in turn have a series of presences in various locations. We engage the peak body, if you like, to have those agencies provide those services in those areas. That is a sort of indirect provision and so, when you are looking at an agency, the agency in that context would be through the NGAC program.

Senator MARK BISHOP—Thank you, Mr Hay. I do understand what you are saying; but I do not think you quite understand what I am saying, because your answers are not quite hitting the nail on the head.

Ms Barr—Perhaps I can be of assistance, Senator. There has been a formal evaluation conducted of the New South Wales agency arrangements. I am running on memory, but it would be approximately two years ago; and that certainly did recommend continuation of the agency arrangements and in fact the expansion of them. I am not aware, though—because of the geography that I explained earlier—of what evaluation arrangements have applied for agency arrangements in other states.

Senator MARK BISHOP—Did that evaluation arrangement in New South Wales—we will try and pin this down first, Ms Barr, before we go to the other states—address the issue of cost effectiveness?

Ms Barr—Yes, it did.

Senator MARK BISHOP—Who conducted that evaluation?

Ms Barr—It was an internal evaluation conducted by the assistant director of the Veterans' Affairs Network and evaluation staff from the Strategic Review Organisation.

Senator MARK BISHOP—Would those persons have been responsible for the establishment of the network in New South Wales? What I am getting at is this: is Caesar evaluating Caesar here?

Ms Barr—I would have to check exactly who was on the team that conducted the review. There was an external capacity. The Strategic Review Organisation is a centralised one; however, there is an officer located in New South Wales, and I am reasonably sure that she was involved in that review. But it would probably be best if we took the question on notice and provided the detail to you.

Dr Johnston—I think it is fair to say that the evaluation that Ms Barr is referring to was part of a wider evaluation at that time, but it was in-house, and it was not of a structure of the type I think you have in mind. It is fair to say that we have not yet embarked on that sort of wider evaluation of that network. I suppose, to explain the management approach at this

point, we have taken it as a strategic imperative to achieve quality service for veterans in regional and remote Australia, on a par with what is available for veterans in our cities and larger metropolitan areas. We have taken it as a responsibility to get as good a quality service as we can.

Senator MARK BISHOP—Indeed, a worthy aim. I am not being critical of that. It is just that, in the major cities, you have a critical mass of vets who will access agencies and services and reduce the unit costs. In some of the more remote parts of this country, I am really interested in whether your anticipated level of demand, when you set up the agency in New South Wales and parts of Queensland, has been met. That is what I am driving at in terms of my questions on evaluation and cost effectiveness.

Dr Johnston—I think we would have to say that we have not undertaken an evaluation that would answer in depth that question.

Senator MARK BISHOP—Do you intend to?

Dr Johnston—Given your questions, I think we should review that possibility, but I am not sure that, in the scheme of things, that would be the highest priority that we would face at the moment. But we will certainly review that.

Senator MARK BISHOP—Thank you, Dr Johnston; you have answered that question now. What statistics are collected on levels of client services at all DVA outlets?

Mr Hay—I am not sure of the precise nature of your question. We collect information that deals with, for example, face-to-face contacts through our network. We also collect information that deals with telephone contact. So I would need to get some more information from you in terms of the direction you are heading in there.

Senator MARK BISHOP—I will come back to that in a minute. A number of these outlets are quite small in the agency, aren't they, in New South Wales and Queensland?

Mr Hay—Yes, they would be.

Senator MARK BISHOP—Do they actually deliver services, or do they act more as a postbox for referral to state offices?

Mr Hay—There is a range of arrangements. There are three types. One is that they provide information, which can be simply the presence of pamphlets or information about entitlements. In addition to that, they can provide assistance to the veteran community in terms of receiving information, forwarding it to the department and answering questions about entitlements. And they can also be an additional support to what we call community development, which is working with the veteran community in that region where there is a need to support them—that is, working with them to basically help themselves.

Senator MARK BISHOP—How many fall into that latter category?

Ms Barr—We would have to take that on notice to give you the precise details of the arrangements. We do have comprehensive information, but not here tonight. We do have contracts with different agencies for full information and application lodgment with, for example, Centrelink agencies at a major number of sites. We also have contracts with different agencies for, as Mr Hay said, community development arrangements, which generally involve linking veterans into local community service provision. We also have in New South Wales, for example, three sites under the New South Wales government access program. In Queensland, under the Queensland access program, there are 23 sites or thereabouts. The information that is provided is very much of a pamphlet variety or access to

the Internet or simply a phone number to call. That, of course, is a much lower level of service and a lower cost to the Commonwealth.

Senator MARK BISHOP—Perhaps you could take on notice, Ms Barr, if you are the appropriate officer, the location of each of the sites and the category of service that is provided, in terms of the levels 1, 2 and 3 outlined by Mr Hay, and the costings associated with the provision or the funding of each of the agencies.

Ms Barr—We may have a problem with the funding, given that they are contracted amounts.

Dr Johnston—It is a question of how much information we provide of a contractual nature, but we will have a look at that for you.

Senator MARK BISHOP—Thank you. That does for that issue. I want to now turn to the issue of contractors and DVA staff. You might recall, Dr Johnston, that Senator Schacht pursued this at previous estimates, and so it is in the context of the issue that he raised. I just want to get some further information, if I can, to finish that off. In the questions on notice that you have provided to question No. 8 to Senator Schacht arising on 30 May 2000, you derived a table with the number of contracted staff, state by state. The figure was that there were 155 contractors engaged by the commission. For how many of those does DVA pay tax and workers compensation?

Dr Johnston—I think you have bowled down every stump. I doubt whether we can answer that today. We would be happy to take that on notice.

Senator MARK BISHOP—Thank you. Of the 155 contractors, how many are engaged under section 181(5) of the act, and how many under the Public Service Act? Would you like to take that on notice?

Dr Johnston—Yes.

Senator MARK BISHOP—Also on notice: who has the delegation to engage such contractors; and what endorsement of the commission is required, if any? How many of the 155 are paid for out of program funds, and how many are paid from running costs? Do you know that figure off the top of your head?

Dr Johnston—Not on the spot. That has been a discussion with Senator Schacht over a period of time, and we have in fact been reviewing with the Audit Office and the department of finance the classification of our expenditures.

Senator MARK BISHOP—He was arguing that it was a cost shifting exercise, wasn't he?

Dr Johnston—I think he was concerned that it might be a cost shifting or that it was inappropriate budget practice, and we have been quite satisfied with the consultations we have had with the Audit Office and the department of finance that our practice is substantially approved by them.

Senator MARK BISHOP—So with those figures that you provided almost two years ago, in May 2000—the 155—there has been no change in hiring practices since that time?

Dr Johnston—That would be correct.

Senator MARK BISHOP—So there is still a very large number of purchase—

Dr Johnston—Would you like that figure updated?

Senator MARK BISHOP—If you do not mind, yes—if you can update that table. Could you take on notice how many of these contractors work in DVA besides permanent staff, their average lengths of service, and the range and years of service of these persons?

Dr Johnston—I suspect that some of that detail might be hard to obtain, but we will do our best, yes.

Senator MARK BISHOP—Have you had any representations from the relevant trade union on this issue?

Dr Johnston—Not of a substantial degree; it is certainly not something that has been brought immediately to my attention.

Senator MARK BISHOP—It goes to the issue of the policy behind hiring practices.

Dr Johnston—Yes. No, not to any real degree. One of the interesting areas to look at when gauging response to that question is an area of our IT work force, where we do make extensive use of contract employment and extensive use of AWAs. On a number of matters that you might think would be sensitive to our unions, by and large the employment practice in our IT area is supported by our unions. So I think that is a good sign that we are pretty near the mark.

Senator MARK BISHOP—I was not coming at this discussion from the issue of IT people. You understand that. Can we now turn to page 16 of the PBS and the pricing review of DOFA. Right at the bottom of page 16 in the budget papers—not the additional estimates—under the heading ‘Review of DVA output prices’, it identifies that \$23.3 million over four years has been agreed, ‘reflecting efficiencies and reduced operating requirements as the treatment population declines’. Is that figure of \$23.3 million based on current business activities—that is, pension processing, health service delivery—to a declining population?

Mr Farrelly—It is a combination of things. If you turn to page 29 of the PBS, you will see three components of the pricing review outcome. The first component is the reduction in resources, linked to movements in the treatment population; and the second component is the review of efficient delivery of outputs. Those two combined will add to the \$23.3 million.

Dr Johnston—I think it is fair to say that the figures for the effect of the treatment population reflect the forward estimates for the treatment population as at that time. They of course are subject to revision, although I think they are still broadly consistent.

Senator MARK BISHOP—This review and the saving of \$23½ million assume that service delivery by DVA is currently adequate?

Mr Farrelly—It found that DVA prices were reasonable, in the terms of pricing reviews—that is, they were not either too expensive or too low—and the review found that the services to the veteran community were of a high quality.

Senator MARK BISHOP—Did the review identify matters that the DVA ought to be doing but is not?

Mr Farrelly—No.

Senator MARK BISHOP—It did not identify any shortcomings?

Mr Farrelly—No.

Senator MARK BISHOP—Is the commission currently happy, for example, with the treatment of Vietnam veterans with PTSD?

Dr Johnston—That is a very wide ranging question.

Senator MARK BISHOP—It is. It is just that we do have a declining population arising from conflicts pre-Vietnam—I accept that—and I accept that the pricing review takes that into account and there are savings. But there is an escalation in the number of claimants with PTSD arising out of the Vietnam conflict, and associated benefits paid by the commission. My query really goes to whether the commission is satisfied with the level of services offered to this group—that it is adequate in terms of there being new and different demands.

Dr Johnston—I think I would make two points in response to that expanded question. The first is that the department and the commission for a number of years have looked to various indicators of workload for the department as a whole that, in effect, subsume the needs of the TPI community, the Vietnam veteran community and so on. I think it would be fair to say that our advice to the minister is that the agreement we have reached with the department of finance, which has variable resourcing—varied in response to the treatment population—on balance is not a bad agreement in terms of the likely trend in workload. We would look in more disaggregated terms at workload, but it seems to us that in very broad terms the treatment population is a useful indicator of the likely trend in our workload over the next few years.

More specifically on the needs of the Vietnam veteran population, the TPI community and so on, of course the commission, and the government for that matter, has in recent years given a great deal of attention to the needs of Vietnam veterans, and that is an active area of ongoing work and review. By and large, I think we have got very positive feedback from the Vietnam veteran community on the appropriateness of those measures. As to the adequacy of our services for the TPI community more specifically, in a sense now there is an opportunity to review that in the current review of TPI matters.

Senator MARK BISHOP—Will the DVA be putting a submission to that review?

Dr Johnston—We have indicated to the committee that we would make a submission generally of a factual nature, with some suggestive points possibly, but we certainly see it as now the task of the committee, not the department or the commission, in deliberating on these matters.

Senator MARK BISHOP—You are providing the secretarial and administrative support?

Dr Johnston—With the Department of Defence, yes.

Senator MARK BISHOP—I suppose that, if the review identifies deficiencies, the appropriate government will look at that at the time, yes. You got a capital injection this year in the budget papers of \$15.7 million, did you? Is that correct?

Mr Farrelly—You can refer to page 29—\$7.7 million over two years to assist us with change management costs. If you look at the middle panel there, there is \$5.5 million and \$2.2 million, and we also had a loan that we took out the year before waived as part of the pricing review.

Senator MARK BISHOP—That was about \$8 million, was it?

Mr Farrelly—That was \$8 million, yes. So that does not appear in 2001-02 because it was forgiven the year prior, but it is recorded.

Senator MARK BISHOP—So there was a loan of \$8 million and a further injection of \$7.2 million. Have you been underfunded in the past, or are these demands that have arisen from additional demands by government?

Mr Farrelly—The \$7.7 million is to assist us with VR funding—voluntary retrenchment funding—so it is to assist us to manage the change process.

Senator MARK BISHOP—How many persons are affected by that?

Mr Farrelly—It depends largely on the approach, but it could be up to 100 or something like that.

Senator MARK BISHOP—Is that process now concluded?

Mr Farrelly—No.

Senator MARK BISHOP—What part of the way are you through it?

Mr Farrelly—There are two major parts to it, at least initially—and others might help here. The records management review did consider market testing the records management function; also we are looking at accounts payable as part of financial services. They are the two.

Senator MARK BISHOP—But the records management is a function we are retaining inside the organisation?

Mr Farrelly—That is right.

Dr Johnston—That has been the decision.

Senator MARK BISHOP—We had that discussion last time.

Dr Johnston—Yes, perhaps I could overlay a comment with Mr Farrelly's information. To go back to your first question: in effect, the conclusion of the review last year did decide that we were underfunded, in terms of equity, to adequately manage our cash balances. We had had a difficult cash balance situation for a couple of years, and the review concluded that that was because of inadequate equity funding for the department. So that was corrected in last year's measure.

Senator MARK BISHOP—That was the forgiveness of the loan?

Dr Johnston—Yes. The provision that was made for redundancy payments is, in a sense, a general provision to cover any redundancies that might result from the corporate services review. That is a general review, under government guidance, in terms of policy of all departments, reviewing the management of their corporate services areas. The other provision, though, is an acceptance in principle that, as the department downsizes as veteran numbers diminish, we will not be expected to meet the cost nor to find the cost within our budget for any redundancies that might be required as a result of that. That is part of the \$7.7 million as well.

Senator MARK BISHOP—How much of that \$7.7 million has been spent so far? This goes back to May of last year.

Mr Farrelly—The last information I have is that about \$3 million has been spent so far this year, nationally.

Senator MARK BISHOP—So \$3 million spent since when—1 July last year?

Mr Farrelly—July 1, yes.

Senator MARK BISHOP—We are now in March, and so the bulk of it is yet to be allocated. Dr Johnston, when the GST was introduced, it reduced the cost of cars; there was a change in the taxation regime, as Senator Minchin has told us on a number of occasions. Did the DVA follow suit in terms of the price paid for cars available to your staff?

Dr Johnston—We obtain our cars through a common Commonwealth rental arrangement, and I would assume the impact of the GST did flow through there, but I would have to confirm that. I do not know whether we have that advice here today.

Mr Farrelly—No.

Senator MARK BISHOP—How many SES staff have upgraded to a higher model since the GST was introduced?

Dr Johnston—I think we have already provided you with some information on models, but we can take that on notice and give you that detail.

Senator MARK BISHOP—Yes, please take on notice how many SES staff have upgraded to a higher model throughout the department since the GST was introduced. That would be appreciated.

Dr Johnston—I think what we will have to give you is the profile of models several years ago and the profile of models now, and we will have to draw our conclusions from that.

Senator MARK BISHOP—That is fine; do that. My advice is that there has been a significant upgrading in the models that are allocated to senior level staff. If my advice is incorrect, you can advise me; if not, you can advise me of the detail in the change.

Dr Johnston—I think most of us are happy if we have four wheels that go around, but we will be pleased to give you the information.

CHAIR—I just remind senators that we have to finish by 7.30, as we only have leave until 7.30.

Senator MARK BISHOP—I thank Dr Johnston and the officers for coming in this evening.

CHAIR—Thank you, Senator Bishop; thank you, Senator Heffernan; and thank you, Dr Johnston, and your colleagues. We look forward to seeing you in June.

Committee adjourned at 7.26 p.m.