



COMMONWEALTH OF AUSTRALIA

SENATE

Official Committee Hansard

FINANCE AND PUBLIC ADMINISTRATION LEGISLA-
TION COMMITTEE

Consideration of Estimates

TUESDAY, 19 AUGUST 1997

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SENATE**Tuesday, 19 August 1997****FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE**

Portfolios: Parliament; Prime Minister and Cabinet; Finance (including Administrative Services)

Members: Senator Gibson (*Chair*), Senator Murray (*Deputy Chair*), Senators Heffernan, Mackay, Ray and Watson

Senators in attendance: Senators Carr, Colston, Conroy, Cooney, Faulkner, Lightfoot and Lundy

The committee met at 9.02 a.m.

CHAIR—I declare open the resumption of estimates hearings by the Senate Finance and Public Administration Legislation Committee.

DEPARTMENT OF ADMINISTRATIVE SERVICES

Proposed expenditure, \$561,138,000 (Document A).

Proposed provision, \$519,604,000 (Document B).

In Attendance

Senator Kemp, Assistant Treasurer

Department of Administrative Services—

Mr John Mellors, Secretary

Mr Brendan Godfrey, Deputy Secretary, Business Development

Mr John Mackay, Deputy Secretary, Commercial

Mr Ian Wootton, General Manager, Asset Services

Ms Julie McKinnon, General Manager, Australian Property Group

Mr Paul Migus, General Manager, Works Australia

Mr Michael Williams, General Manager, DAS Interiors

Mr Peter Holland, Acting General Manager, AUSLIG

Mr Drew Clarke, General Manager, AGAL

Mr Andre Joy, Acting General Manager, AGPS

Mr John Dickenson, General Manager, DASCEM

Mr Paul O'Neil, General Manager, DAS Distribution

Mr Greg Williams, General Manager, DASFLEET

Mr Roger Brown, Acting General Manager, DAS Removals

Mr Tony Butler, General Manager, Support Services

Mr Bill Peel, General Manager, Corporate Policy and Government Relations

Ms Cathi Moore, Assistant General Manager, Office of Government Information and Advertising

Mr Michael Deegan, Acting General Manager, Domestic Property Group

Mr Arthur Gallery, Assistant General Manager, Domestic Property Group

Mr Richard Coleman, Acting General Manager, Overseas Property Group

Mr Graham Semmens, General Manager, Ministerial and Parliamentary Services

Mr Tony Robinson, Acting General Manager, Purchasing Australia

Mr Trevor Barrell, General Manager, Corporate Resources

Ms Anne Hazell, Assistant General Manager, Treasury and Finance Branch, Corporate Resources

Mr Richard Lansdowne, General Manager, Performance Review and Audit

Mr Andy Becker, Deputy Electoral Commissioner, Australian Electoral Commission

Mr David Kerslake, Assistant Commissioner, Industrial Elections and Funding Disclosure Branch, Australian Electoral Commission

Mr Andrew Moyes, Acting Assistant Commissioner, Information and Education Branch, Australian Electoral Commission

Mr Tim Pickering, Assistant Commissioner, Information Technology Branch, Australian Electoral Commission

Mr Brendan Fahey, Director, Resources Management, Australian Electoral Commission

Ms Ann Bright, Director, Electoral Operations, Australian Electoral Commission

Department of Finance—

Chris James

CHAIR—I welcome Senator Kemp and the officers from the Department of Administrative Services. Are there any questions?

Senator FAULKNER—Not under general matters. Senator Ray and I thought we would try to focus our questioning on the sub-programs. That might be helpful in that it might save a bit of time.

Senator MURRAY—Senator Kemp, I put forward in advance a three-part question to all the agencies. As background, it really arose from the difficulty that I feel confronts government as a result of two competing and contradictory directions. The problem for government is that, on the one hand, it is striving for efficiency and productivity, which frequently results in job losses and job reductions in agencies; and, on the other hand, it is trying to grow employment and all the things which result from that. It also indulges in budget cutting and discipline, which results in the destruction of programs, which in turn results in job losses but, once again, it is very concerned with the unemployment rate. I was trying to get a fix on the relationship between jobs created and jobs lost as a result of those contradictory and competing impulses.

I raised the question in general with the minister who officiated yesterday, Senator Hill. I am not wanting a full response to all those questions from every agency yet because that will take some time and it is in the process of being undertaken. I would like a general response from you on the difficulties that the government finds in coordinating those competing and sometimes contradictory measures.

Senator Kemp—I will seek some advice from the officials from DAS as the matter relates to DAS, but let me first make a couple of general comments. I think it is always important that governments seek to improve levels of efficiency and productivity. Probably all governments have signed on to it, and that is certainly the intention of this government. I think this is part of a broader context. By getting the government sector right, getting the fiscal balance right, getting the fundamentals right, you can then have an impact on levels of employment.

You will be aware that interest rates have come down. The fiscal consolidation carried out by the government has been helping to promote that. Obviously, lower levels of interest is one of the factors which helps encourage employment. Having made some general comments, the officers might like to make specific comments in relation to DAS.

Mr Mellors—Essentially, the main decisions affecting DAS over the last couple of years have involved sale of businesses or market testing of a range of other activities within the portfolio. When one is engaging in the sale of businesses or market testing, I think it is important to distinguish between jobs that may be affected in the department and actual job losses or gains in the economy at large. Certainly, we have a broad feel for the impact on positions affected within DAS, but whether at the end of the day that represents a net loss or gain within the economy at large is a separate issue.

Senator MURRAY—Mr Mellors, there is difficulty for those who are trying to study this area. The difficulty is twofold. Firstly, the cost savings projected at the time of any decision are often not checked back on to see how they faced up to the reality. For instance, a Labor government decision five years ago which imputed a certain saving is not looked at to establish whether that saving emerged.

The second problem is that there is no tracking done of government employees who leave who are identified as becoming re-employed, gainfully re-employed, and therefore it is simply a transference from one sector to another. The problem all of us face is the danger that public sector people who are made redundant or leave because an agency has closed down end up unemployed and as a social security statistic and cost. I wonder if you have any reactions to those general observations, with specific regard to the DAS projects and procedures.

Mr Mellors—Senator, I think your point about the absence of very comprehensive information regarding the subsequent employment experience of people affected by these processes is one indeed that the Industry Commission may also have made in one of its reports. We have recently agreed with the purchaser of Dasfleet—that is, Macquarie Bank and its partner, Serco—that we are prepared to cooperate with a study that that purchaser wishes to undertake through Professor Simon Domberger's research unit of the career experience of employees in Dasfleet subsequent to the sale of that business. Obviously, that will have to be done in cooperation with the employees themselves. But subject to that, we expect that study to cast some light on precisely the issues that you are raising.

Senator MURRAY—When is the study likely to be published?

Mr Mellors—It has barely started, Senator. We were approached only something like a fortnight ago to explore whether we as a department and the employees might be prepared to cooperate—

Senator MURRAY—It might take a year or so?

Mr Mellors—It might take six to 12 months, yes.

Senator MURRAY—One of the prospects which faces any government but is a very difficult area to measure is the prospect of evaluating net public benefit of any decision to

close down an agency or to get rid of people. Your department does not do anything of that sort, does it, when it makes up a proposal?

Mr Mellors—No, Senator.

[9.11 a.m.]

Program 1—Business services

Subprogram 1.1—Asset Services

Senator FAULKNER—The sale of Asset Services to P&O Australia Services Pty Ltd was announced a couple of months ago—late June, from memory. Is there any update since the press release that was issued by the minister—I do not have a copy of it now—announcing the sale?

Senator Kemp—The information I have is that the preferred buyer was announced on 27 June. This preferred buyer is P&O Services. The current stage is that the buyer due diligence and contract negotiations are ongoing. It is planned to exchange contracts in the week commencing 18 August. The target settlement date is the end of September 1997.

Senator FAULKNER—Thank you for that. What sort of feedback have you received from current customers of Asset Services about the sale?

Mr Mackay—There has been quite a bit of consultation with the customers by the new buyer and certainly prior to that by the business advisers and the office of asset sales. The biggest customer of course—making up somewhere of the order of 50 per cent—being Defence, it has been extensively consulted. I am not aware of any negative feedback at all.

Senator FAULKNER—The reason I ask is an article in the *Sun-Herald* of 29 June headed ‘Stir over P&O’s Asset pick-up’. You may or may not have seen it, and I certainly would not blame you. If you had seen it, you would have forgotten it since it was quite some time ago. One of the paragraphs there said:

Government customers, including the Defence Department, are believed to have indicated a preference for the buy-out—

I should explain that it does not say ‘staff’ buy-out here but that was the point of the article and the word could be interpolated there—

because they were happy with the Asset Services team.

It went on to say:

There are fears that P&O will try to slash the staff of almost 2,000 to cut costs.

It was because of that article that I asked the question about feedback. It was in that context.

Mr Mackay—Certainly you are right—I cannot remember the article. But I think the key point is that the customers will still get to see a large number of the staff. Offers are currently going out to staff as we speak, and the expectation is that P&O will pick up a very large percentage of those who want to work with them.

Senator FAULKNER—Is P&O effectively a new entrant in the property services industry?

Mr Mackay—No, it is a very large player in Australia. I cannot recall the number of employees that it currently has, but a number like 20,000 comes to mind. It is not well known. Basically, people think of P&O as a shipping company, but their part in this part of the market in Australia is very substantial indeed.

Senator FAULKNER—Are you in a position yet to be able to explain to the committee why the P&O bid was considered more favourable than the staff player?

Mr Mackay—No. Firstly, that is a matter for the Office of Asset Sales because they literally are the people who analysed the various bids. Secondly, because contracts have not yet been exchanged, it would be inappropriate to talk about it.

Senator FAULKNER—I appreciate the point you make about the Office of Asset Sales, but the point of my first question, I suppose, was to try to establish the status of the sale of Asset Services. Regardless of that, have we got any indication from P&O about their intention in regard to staff that you can inform the committee about?

Mr Mackay—Yes. Certainly the very clear expectation is that they will pick up a large part of the executive team. I have got a figure here for the number of staff. Basically, they are trying to recruit somewhere in the order of 1,000 people.

Senator FAULKNER—Prior to the sale there had been nearly 2,000 in Asset Services?

Mr Mackay—No, in the terms we are talking about they do have quite a number of temporary staff and contract staff. It was much less than that—it was well below 1,500.

Senator FAULKNER—I see.

Mr Mackay—In fact, we did a survey of all these businesses a couple of months ago. Roughly, across the board, only 70 per cent of the staff—even before they knew who the buyer was—said they would want to work with the buyer regardless of who they were. You can assume from that that about 30 per cent of the people were going to take this opportunity to do something else—that is, open up their own business, retire, go off and do some training or whatever. So only about 70 per cent of the people in any of the businesses wanted to work. My expectation is that a large part of that 70 per cent, in Asset Services in particular, will be picked up by P&O.

Senator FAULKNER—So that we do not bog down on this now, you might take on notice what the staffing levels were in Asset Services prior to the P&O sale. When it is clear, would you indicate to us how many of those staff have been picked up? I assume you are suggesting that in large measure here in relation to Asset Services the others will voluntarily take packages?

Mr Mackay—Yes. In fact, I now have the number. It is 1,297 staff in Asset Services. As I mentioned before, there are some temporary staff and there are some contract personnel.

Senator FAULKNER—Are there included in that figure or not?

Mr Mackay—No, they are excluded from that figure. So there are 1,297 staff as offers are currently going out. My clear expectation is that somewhere towards the 1,000 mark will be offered jobs. One would hope that most would take them.

Senator FAULKNER—But as I say, Mr Mackay, when you actually have those final figures that would be useful to have. Do you have the figures there for temporary or contract staff in Asset Services as well?

Mr Mackay—Not at my fingertips.

Senator FAULKNER—If it is not too much trouble you might be able to provide that for us.

Mr Mackay—I will include that in the answer.

Senator FAULKNER—Thanks a lot.

CHAIR—As there are no further questions on Asset Services, we will move on to subprogram 1.2.

Subprogram 1.2—Australian Property Group

CHAIR—Are there any questions?

Senator FAULKNER—Again, is it possible, Minister, for us to have just a status report? My last knowledge of this was with the announcement of the preferred buyer for the Australian Property Group. I do not know where it has gone since then. I think on the first of this month there was an announcement that Knight Frank was the preferred buyer, but I would appreciate it if you could let us know where we are up to.

Senator Kemp—Yes, okay. The public advertisement was on 8 April this year. The final bids were received on 14 July. The preferred buyer was announced on 1 August. The preferred buyer is Knight Frank Price Waterhouse Property Managers Pty Ltd. The current stage is that buyer due diligence and contract negotiations are ongoing. The contract is planned to be exchanged in the week commencing 18 August. The target settlement date is the end of September this year.

Senator FAULKNER—That means, Mr Mellors, we have got you meeting on a busy week, by the sound of it.

Mr Mellors—Yes, but these things may slip a couple of days either side.

Senator FAULKNER—Yes, I see. Mr Chairman, could I ask a question relating to another subprogram so I am clear on this—it may not have a direct relationship? It is subprogram 2.1, Domestic Property Group.

CHAIR—Yes.

Senator FAULKNER—As I understand it, Knight Frank are also consultants for or to the Domestic Property Group. Could someone clarify what their association is there?

Mr Mackay—They do work with the Domestic Property Group, but my understanding is that this Knight Frank Price Waterhouse joint venture is effectively a separate company. Sure, it is owned partially by Knight Frank, but it is being established and set up as a totally separate company. But, yes, Knight Frank would have all sorts of dealings from time to time with the Domestic Property Group as would any other property company in Australia. Then again, the Domestic Property Group and the Australian Property Group have been set up to operate as separate businesses and they really are in totally separate arrangements.

Senator FAULKNER—So when I said Knight Frank, I should have said Knight Frank Price Waterhouse Property Managers?

Mr Mackay—Yes, that is correct.

Senator FAULKNER—I'm using shorthand. I see. I think that a principal of Knight Frank, as opposed to—although I do not know about this firm—Knight Frank Price Waterhouse, is Mr Ted Baillieu. Is he involved in Knight Frank Price Waterhouse and has he been involved in these negotiations of the sale of the Australian Property Group that you are aware of?

Mr Mackay—Not to my knowledge. That does not mean that he is not involved. I met with the joint venture just before I came up here this morning and he certainly was not there.

Senator FAULKNER—Would you be able to take that on notice? I would just be interested to know. As I understand it, he may even be the company secretary of Knight Frank. What that means in relation to Knight Frank Price Waterhouse Property Managers, I know not and I suppose that is the point of the question.

Mr Mackay—Sure.

Senator FAULKNER—Thank you for that. If I may ask generally about the issue of leases, we were in contact with DAS while trying to obtain a copy of the standard lease—this was done by my office and I am not sure whether it was with you, Mr Mackay, but it was with someone over there in the department. I think we had received an assurance that that was not a problem and that we would get one quickly. It seems a bit hard to get a copy of the standard lease. Is there any problem with that?

Mr Mackay—Can I ask that that be raised under subprogram 2.1? It really is an issue and I will make sure we come back to it if you forget it.

Senator FAULKNER—I shall not.

Mr Mackay—I cannot think of any reason why there would be any problem at all.

Senator FAULKNER—I can't either. I'm very happy to raise that under subprogram 2.1. That is no problem at all.

Subprogram 1.3—Works Australia

Senator FAULKNER—I have not got very much on Works Australia, but there were a number of questions placed on notice in the last round. We have received information that the Commonwealth would be retaining some minor business liabilities from Works Australia and the actual words used included 'final reports to government, decontamination of some sites, some compensation cases, some property sales'. I was interested in knowing how extensive those sorts of liabilities remaining with DAS were, what the projects were and on what grounds had they been retained by the Commonwealth. I must say, Mr Mackay, that I was concerned—obviously I do not want to burden with you a huge amount of work but this might be a relatively easy task—but basically just not clear about what was involved.

Mr Mackay—Certainly Works Australia, as you are probably aware, changed hands last Thursday so it is now no longer owned by the Commonwealth; it is owned by GHD. In selling the business, there were undoubtedly a number of things that the buyer did not want, but in general terms I can say that they were not substantial—there may have been a small bit of accommodation here and there but nothing of any great substance. I have with me Mr Migus, the general manager of Works Australia, who may wish to expand on that.

Senator FAULKNER—I am simply asking what has been retained, and why.

Mr Migus—I'm Paul Migus, the ex-general manager of Works Australia. The Commonwealth retained the responsibilities for certain claims that had been brought to the Commonwealth's attention when Australian Construction Services was in operation. Those were for issues associated with design defects or problems that may have taken place during the construction of various facilities under the time of Australian Construction Services. The purchaser chose not to accept them, and the Commonwealth has those liabilities. These were not the liabilities that had been incurred over the last 18 months under Works Australia; they were just those which the Commonwealth had responsibility for.

Senator FAULKNER—How substantial are these? How much are we talking about?

Mr Migus—There are about a dozen claims that are in existence at the moment. They vary with different amounts. I do not have in front of me the full list of them, but a lot of them are just ambit claims at this point in time that may not come to fruition at all.

Senator ROBERT RAY—How big are the ambit claims?

Mr Migus—I do not have that in front of me, but I can take that on notice.

Senator ROBERT RAY—You must have some idea.

Mr Migus—I am really not able to comment at this point in time.

Senator ROBERT RAY—It is different not being able to comment. You must have some idea of the claims. Someone in the department must have some idea.

Mr Migus—We do have a list and would be prepared to provide it to you. It is just that I do not have it available at the moment. I do not want to mislead the committee in any way, shape or form.

Senator ROBERT RAY—What we asked for is a generalised view because we did not want you to mislead. We are asking for a generalised view—not to the last dollar or even the last \$5,000. Are we talking about claims of \$50,000, \$100,000 or \$2 million? What is the order of them?

Mr Migus—We are talking in the range of claims between \$50,000 and \$2 million.

Senator FAULKNER—Will you be able to provide the committee with a list of those?

Mr Migus—Yes.

Senator FAULKNER—And, if you like, the reasons they have been retained with the Commonwealth?

Mr Migus—Yes, absolutely.

Senator FAULKNER—I suspect we might be able to deal with that at a later stage.

Mr Mackay—There would be some claims like that going on, which would be normal with any major construction consultancy. The other sorts of things we obviously were not able to sell were things like the responsibility for archiving files and that sort of thing; various asset deficiencies where you have something on the asset register which you just cannot find; a couple of property leases, as I mentioned, where the buyer said, ‘Well, I just don’t want that particular piece of property’; the responsibility for preparing the annual report; and there is a responsibility for preparing section 41D statements, and those sorts of things. After the business is sold, there are a range of things that one has to do which will take resources and cost money.

Senator FAULKNER—When you say ‘after the business is sold’, it was a level playing field for all tenderers in the sense that the Commonwealth’s attitude to these particular matters was discussed fully and frankly with all prospective tenderers; or do I understand from what you are suggesting that these were negotiations after a preferred tenderer had been determined?

Mr Mackay—I think the answer to that is yes and no. I mean that, yes, all material was disclosed on an equal basis to all potential tenderers or all tenderers, so there was an extensive amount of information that was all exactly the same. But the situation always changes when you get down to having selected the preferred buyer, as there will be matters to be negotiated. One buyer might say, ‘Well, yes, I do want to keep the Brisbane office,’ and another buyer will say no. To that extent, one would negotiate.

Senator ROBERT RAY—Do you have a view in your own mind about how much that can be varied before you have to revisit the rest of the tenderers? Do you have an idea of cost to the Commonwealth in those negotiations before you say, ‘Well, the preferred tenderer is no longer the preferred tenderer’? How do you judge that?

Mr Mackay—The Office of Asset Sales would make that judgment and conduct most of the negotiations, although obviously we would be involved. I am not sure what the precise criteria would be. But clearly there would be something in your mind that said, ‘We expected

to sell this. It was clearly disclosed to everybody, we expected to sell it and, therefore, you have to take it.'

Senator ROBERT RAY—With these ambit claims, what provision do you make? I think you have described maybe 10 or 12 of those of which you already know. What about other yet unknown, or potentially unknown, claims that people will discover in the next one, two or three years and then take legal action on—and is that against the Commonwealth?

Mr Mackay—Yes. Theoretically, if works built a bridge 10 years ago and it fell down tomorrow, there is no way in the world that you could sell that liability with the business, nor could you sensibly provide for it. That would be dealt with on an ad hoc basis.

But there is a provision in the trust account for business closures. There were some sums done at budget time that said, 'Look, we might have to pay out a number of leases, and we obviously have to pay out staff, and there could be all sorts of other things we have to do.' So there was a calculation done and a figure put aside to deal with the business closures.

Senator ROBERT RAY—In these negotiations did the preferred tenderer give any indication of how many of the existing staff they would take on board?

Mr Mackay—Most certainly. In the bids that were put in, there was a requirement for tenderers to put in basically a human resources plan, yes.

Senator ROBERT RAY—Do you know what percentage of the existing staff will be retained by the new owner—

Mr Mackay—Again they were unable to—

Senator ROBERT RAY—in the initial instance?

Mr Mackay—mainly because they were unable to go around and interview every staff member before they put in a bid. But works was pretty much the same as several of the other businesses, whereby only about 70 per cent of the staff were interested in any event. We are talking '98 staff were interested'; so about 70 of those may have been interested; and, in fact, around about 60 have been picked up by the new owner. So 60 out of 70 is the ballpark figure, which we would think would be an excellent result.

Senator ROBERT RAY—I agree.

Senator MURRAY—Mr Mackay, does the government, and do you, have a knowledge of the difference between 'an asset' and 'a business'?

Mr Mackay—I certainly cannot see the distinction, but perhaps you might explain.

Senator MURRAY—It was exposed in the question and answer session I just heard. In business terms when you discuss such matters an asset, generally speaking, is a component part of the business identifiable and distinct on its own, whereas a business is the entire thing. I listened to you in your discourse with Senator Ray using the two interchangeably, and I was distressed to see agreement on how these matters are dealt with. If you sell an asset, you sell it at whatever value you can get it for it; sometimes it has to be scrapped because it has no value. However, if you sell a business, you sell the thing in toto, and the buyer accepts the entire package.

What I just heard you say was that you allow buyers in the negotiating situation to put out the elements of the business that they say they do not want—leases, assets or equipment—which effectively means that the government is left with a cost and a poor deal. Do you, or does the government and its Office of Asset Sales, have people who are experienced in selling businesses as opposed to selling assets?

Mr Mackay—Absolutely. The Office of Asset Sales obviously has a great range of experience in having sold businesses, but—

Senator MURRAY—Why obviously? Do they come out of the private sector? Are they used to selling businesses?

Mr Mackay—They do. These sales were largely conducted by Arthur Andersen Corporate Finance as the business advisers and Deacons Graham and James as the legal advisers. Those two very large and respected companies were literally the ones who managed the sale and provided all the advice.

Senator MURRAY—Why do you think accountants and professional lawyers are capable of buying and selling businesses? Is it your opinion that that is the role that they carry out in the private sector?

Mr Mackay—Yes, it is. That is why they were selected.

Senator MURRAY—Would they do that job for BHP, ANZ Bank, Lend Lease or other major corporations?

Mr Mackay—I am not sure who they would do it for, but they certainly had a very impressive track record of having sold and bought businesses in both the private and public sectors.

Senator MURRAY—Is not the record of government sales, both under this government and the previous government, that the businesses have been identified as having been sold too cheaply and generally as having left behind bits that should have been sold with the total business?

Mr Mackay—The only press that I can recall on our sales was in relation to DASFLEET where the article said that the buyer had paid too much.

Senator ROBERT RAY—I partly agree with Senator Murray that there is not an enormous amount of business expertise in the Office of Asset Sales. Is not that gap closed down by the extravagant number of consultants they employ to help flog things off?

Senator MURRAY—It is possible. The purpose of my questioning Mr Mackay is that it is your responsibility to ensure that we as the public get the maximum value for assets that are sold and that the minimum is left behind to create an ongoing cost or liability to government. I would like to be assured that you do not, as a person without a great deal of experience in that area, although you may have a great deal of experience in other areas, make assumptions that result in a ongoing cost or liability to the government.

Mr Mackay—I do not believe that to be the case. I mean there were two or three stages that we went through before these businesses were put on the market. DAS engaged a number of private sector consultants, mainly coming out of the large six accounting firms, to do a study and look at the options of whether one would sell or close down or retain these businesses and what might be the outcome of that.

Following that, the Office of Asset Sales had a scoping study undertaken of each of the businesses—and again this was done by large private sector firms—to basically define what it was that we were trying to sell in commercial terms, to assess how it might best be marketed and also to assess what we might expect to get. Those issues were considered by the government at the time it decided to sell the businesses and at the time they decided to put them on the market. I think there is a very good understanding of those things.

Senator MURRAY—Would you accept that you have to be cautious of viewing professional advisers, such as lawyers or accountants as valuers, as business people with expertise in businesses?

Mr Mackay—I think you do and for that reason we had some people with expertise in selling businesses involved in the selection of advisers. I think we had the ex-chairman of Boral, for example, on the selection panel. I do not think we would be too much different to the private sector. Many private sector people do not necessarily have day-to-day experience in selling businesses.

Senator MURRAY—Absolutely and many bank managers have shown exactly that problem. I think the line of questioning put up by my Labor Senate colleagues is very helpful. Could you take on notice and let this committee have a list of those leases or items of equipment or assets left behind and the imputed cost and liability of those after sale transactions have gone through.

Mr Mackay—I could certainly do that. It would not be before the end of September that I could put that list together.

Senator MURRAY—You can take long enough to produce a good list.

Mr Mackay—I do not think it will be large. We are talking about small things here.

Senator MURRAY—I hope so.

Senator ROBERT RAY—Your unforeseen liabilities get transferred to the Commonwealth because the Commonwealth does not carry its own insurance and therefore, unlike other businesses, that is why they are transferred, is that correct?

Mr Mackay—That is correct.

Senator COLSTON—I did not quite hear the name of the organisation that bought Works Australia.

Mr Mackay—Gutteridge Haskins and Davey—GHD, as they are known.

Senator COLSTON—Works Australia is now not doing any work, is that correct?

Mr Mackay—It is certainly doing work but it is owned by GHD not us.

Senator COLSTON—So it is not doing any work for the Commonwealth?

Mr Mackay—Yes, it would be doing some work for the Commonwealth.

Senator COLSTON—What I am trying to understand is whether there were any unfinished contracts at the time Works Australia was sold and are those contracts being continued by the new owner?

Mr Mackay—That is correct. With all these businesses there would be unfinished contracts. The contracts were assigned to the buyers. In large part that is what gives the business its value. You sell the forward order book and the contracts for work. So if there is a project that is half finished the contract to complete the other half of the work is effectively sold as part of the business sale.

Senator COLSTON—Did Works Australia have any tax exemptions?

Mr Mackay—It did not pay some taxes which the new buyer will be required to pay.

Senator COLSTON—Which taxes didn't it pay?

Mr Mackay—Company tax and payroll tax would be the two key ones. It did pay some taxes such as FBT, but the main taxes it would not have paid would be company tax and payroll tax.

Senator COLSTON—Sales tax?

Mr Mackay—Maybe not. In most cases where it did not pay it neither would the buyer pay it. It is who is the end recipient, as I understand it, with sales tax. If you are buying something for the Commonwealth it does not matter whether you are the Commonwealth or a private sector person supplying to the Commonwealth, the issue is the same.

Senator COLSTON—Would Works Australia have any motor vehicles and if they did would they have paid sales tax on those?

Mr Mackay—All of its motor vehicles were on lease. So the issue of sales tax would not have applied to Works Australia.

Senator COLSTON—What was the work force at the time of the sale?

Mr Mackay—Just under 100 staff and there were a number of contract personnel on top of that.

Senator COLSTON—So the staff would have been paid superannuation under a guarantee of some sort.

Mr Mackay—They would all have got a standard Commonwealth redundancy package.

Senator COLSTON—I am talking about when they were employed. The Commonwealth would have made a contribution to their superannuation. Is that correct?

Mr Mackay—That is correct.

Senator COLSTON—Who would have paid that? Works Australia or the department?

Mr Mackay—Works Australia would have paid it. Works Australia operated off a trust account, part of the departmental trust account. They had to find their contribution, which I think for the Commonwealth superannuation scheme is around about 22 per cent. Works Australia was required to pay that and cover that in terms of its balance sheet, profit and loss and business operations.

Senator COLSTON—This question might have been answered at previous hearings. What has been the profit and loss of Work Australia over, say, the last three years?

Mr Mackay—Works Australia has only been in operation effectively for just over 18 months. The government decided to close down its predecessor, Australian Construction Services, as at January last year. Its unaudited trading result in 1996-97 was a loss of \$0.59 million.

Senator COLSTON—Who picks up the loss?

Mr Mackay—The business services trust account that covers all of the businesses. For that particular year there were about dozen businesses operating off the trust account—some made profits, some made losses.

Senator COLSTON—When Works Australia was owned by the Commonwealth did it enter into any agreements with other contractors in a joint approach to fulfilling a particular contract?

Mr Migus—There were times when joint projects would be entered into to bid on work in Australia, yes.

Senator COLSTON—Are you aware of one which was carried out for the Redcliffe City Council?

Mr Migus—No, I am not.

Senator COLSTON—Would you be able to supply at some stage any details about a joint contract with the Redcliffe City Council and who the other contractor was?

Mr Migus—I will do that.

CHAIR—That completes Works Australia. There being no questions on subprogram 1.4 or 1.5, we will move to subprogram 1.6—Australian Surveying and Land Information Group.

Subprogram 1.6—Australian Surveying and Land Information Group

Senator FAULKNER—Perhaps it might be easiest to commence with a bit of a status report. My understanding was that the commercial operations of AUSLIG basically have been purchased by Sinclair Knight Mertz. You could perhaps confirm whether that is the case and what that precisely means. I would be interested to know what role that leaves for AUSLIG within DAS. If you could let us know that, I would appreciate it.

Mr Godfrey—AUSLIG was slightly different from the other businesses. It had three elements. The first was the direct sale of the commercial activities, which Senator Faulkner mentioned in regard to Sinclair Knight Mertz. The second element was to market test the provision of some of our community service obligation functions. The third element was to create a new structure which would be the remaining AUSLIG. The elements of what remains behind once the process is finished is the coordination of Commonwealth land information programs and advice to government on land information issues, policy coordination and standards for Australian national spatial data infrastructure, and the management of national mapping, geodesy, remote sensing and maritime boundaries programs.

The contract to sell the commercial activities of AUSLIG was finalised on 11 July, to Sinclair Knight Merz. That took over all those functions where AUSLIG was in competition with the private sector and charged a fee for service for the delivery of those services.

The other elements that we have market tested are map and data production, satellite laser ranging and map data and aerial photography distribution. These three separate tenders are in the stage of finalisation.

For map and data production, we separated the tender into two separate directions. The first was to go to a facilities manager to provide basically half of our ongoing map and data production using in-house facilities. British Aerospace have been awarded the contract to undertake those mapping duties, using the AUSLIG facilities.

We have established a panel of four companies to provide map and data production. Those companies are Airsearch Mapping, Computer Graphics, Terralink NZ and the New South Wales Land Information Centre. Each of those will be asked during the period of the contract to provide approximately \$3 million worth of mapping services per annum on an individual contracted basis.

The request for proposal for our satellite laser ranging is in the final stage of negotiation with Electro Optic Systems from Queanbeyan. This is to take over the operation of our satellite laser ranging at Orroral Valley to assist us in negotiations with NASA in relation to Australia's responsibility for the site at Yaragadee in Western Australia and to look at our broader responsibilities in laser ranging in this part of the world. It is expected that we will have a final position with Electro Optic Systems by September.

The final one, for map data and aerial photography distribution, went out on 2 May. We have decided to go out for an open tender in September to finalise that process. So I cannot give you any more information in regard to map data and aerial photography until that is finalised in September.

Senator FAULKNER—Thank you, Mr Godfrey. You said there were four organisations or four companies on the panel. Is that correct?

Mr Godfrey—That is correct.

Senator FAULKNER—Could you please explain to me how the panel will work?

Mr Godfrey—We have an ongoing responsibility for map and data production. We have split the work between the contract to manage our facilities using our staff to a large extent, which will represent approximately 50 per cent of the work or around \$7.5 million over the next three years. The balance of the work of \$3 million per annum in the production of maps for Australia will be let out to those four companies on the panel. When we have a series of maps that are required to be produced, we will go to the four members of the panel and ask them to provide quotes to undertake that set amount of work. It will probably be for a substantial period of the year rather have several of these auctions to the panel.

Each of the panel will be able to offer their bid; we are not giving any panel member a guaranteed amount of work because they are on the panel.

Senator FAULKNER—So theoretically or hypothetically a panel member could get all the work or none of the work. Would that be right?

Mr Godfrey—We make the decision on value for money and that is a possibility.

Senator FAULKNER—Terralink NZ—is that one of them?

Mr Godfrey—That is correct.

Senator FAULKNER—They are a New Zealand state-owned enterprise, aren't they?

Mr Godfrey—Correct.

Senator ROBERT RAY—Do you think, for the *Hansard*, you should spell that. I am just a bit worried.

Mr Godfrey—T-e-r-r-a-l-i-n-k NZ.

Senator FAULKNER—He was quite sure it was T-e-r-r-o-r, I assume. I am just explaining his jokes because no-one can ever get them. Where is that based, Mr Godfrey?

Mr Godfrey—It is based in Wellington.

Senator FAULKNER—Has that got any Australian-based operation at all?

Mr Godfrey—No Australian-based operation, although, to fulfil their obligations, they will have to have people in Australia to confirm and analyse data for the final production of the maps.

Senator FAULKNER—Is it a long bow for me to draw that it appears as if, through the sale of part of AUSLIG, that there is a risk that some jobs currently undertaken in Australia by Australians would end up in New Zealand?

Mr Godfrey—Some of the functions that were previously performed by AUSLIG staff may be performed in Wellington in the future.

Senator FAULKNER—When the four organisations on the panel were determined, was that an issue that those responsible took account of?

Mr Godfrey—No. There was no requirement within the tender for the company to be Australian owned or within the area of Australia-New Zealand. What we based our tender evaluation on was value for money and those who had the necessary expertise to meet our standards and the future service level requirements for map and data production.

Senator FAULKNER—You have indicated that there are no guarantees that they will necessarily receive any work. I think that is fair to say. You have indicated there are no guarantees but it is distinctly possible given that they are one of the panellists. In relation to the sort of work they are doing, who is currently undertaking that work and where are they based?

Mr Godfrey—The work is undertaken through our map production area in Dandenong using the services of our regional office network that was in existence before we sold our commercial activities. Some of the regional officers who were mainly responsible for commercial activities undertook some of this CSO functioning in conjunction with the Dandenong map production centre.

Senator FAULKNER—How many people are employed at the Dandenong centre?

Mr Holland—As a result of the restructuring of AUSLIG in Dandenong, there are approximately 40 staff who were undertaking mapping work affected by this particular outcome.

Senator FAULKNER—Forty staff undertaking mapping work. I assume that there are other staff that are not undertaking mapping work in the centre there. Is that right?

Mr Holland—That includes a small number, 10 or 12, who would also have been involved in commercial work.

Senator FAULKNER—Is 40 the total staff establishment, if you like, of the centre in Dandenong?

Mr Holland—That is correct.

Senator FAULKNER—What happens physically to the centre as a result of these changes?

Mr Holland—The Commonwealth lease obligations in relation to Ellery House in Dandenong will be terminated in approximately two months time when the mapping operations in Dandenong effectively cease.

Senator FAULKNER—This is an example where there is at least a significant risk that we will find jobs currently undertaken by Australians in regional Australia actually being undertaken by New Zealanders in New Zealand. That does not appear to be an outlandish statement, does it?

Mr Holland—In relation to the Victorian staffing situation, a certain number of Commonwealth employees in Victoria will find employment either in the Sinclair Knight Mertz operation based in Melbourne or in one of the panel contract firms, Computer Graphics, who will be undertaking their panel delivery from Melbourne.

Senator FAULKNER—Let us make a more general comment. I appreciate that Mr Godfrey said to us that there are no guarantees of any of the panellists getting work. There is no guarantee of any minimum amount of work. I think they were the words that were used.

Mr Godfrey—Correct.

Senator FAULKNER—Understanding that, given that they are a preferred panellist, there is obviously a significant risk that some work currently being undertaken in Australia will be undertaken in Wellington. Is that a fair statement?

Mr Godfrey—That is a fair statement. I think I should add that we have had for several years an ANZ government procurement agreement which basically says there should be no discrimination between the states within Australia or New Zealand. That government procurement agreement was for closer economic relations in the ANZ area. This applies to outsourcing as well as procurement. You did ask a question at the start as to whether we had anything within the contract. As far as we would be concerned under government procurement it is ANZ, not just Australia.

Senator ROBERT RAY—That is a very lucid explanation. I might draw attention to certain coalition MPs who complained about frigate work being done in New Zealand, but it is a very lucid explanation.

Senator FAULKNER—What are AUSLIG's community service obligations?

Mr Godfrey—They were the three areas I read out. They are coordination of Commonwealth land information programs and advice to government on land information issues, policy coordination and standards for Australia's national spatial data infrastructure, and management of the national mapping, geodesy, remote sensing and maritime boundaries program.

Senator FAULKNER—Have there been any changes to the community service obligations undertaken since the sale?

Mr Godfrey—If anything we are concentrating more effort into those, but there has been no change in the direction or in the funding of those CSO obligations.

Senator FAULKNER—Can you outsource a community service obligation like this?

Mr Godfrey—That is what we are outsourcing. We are outsourcing the delivery of mapping which is a part of the community service obligation funding. We continue to manage it by setting standards and responsibility for production.

Senator FAULKNER—This is probably best asked of you, Senator Kemp. Given that these four companies—Airsearch Mapping, Computer Graphics, Terralink NZ and the New South Wales Land Information Centre—are all non-Canberra based, does this fly in the face of all the commitments the government has made that outsourcing would provide business opportunities for Canberra businesses? Do you think there is an inconsistency there?

Senator Kemp—I do not think there was a statement—the officers can correct me if I am wrong—that all outsourcing, broadly defined, has to go to Canberra. I do not think there is an inconsistency.

Mr Godfrey—I think this is a case where the net increase in employment in the ACT, as a result of all the processes within AUSLIG, will be 20 staff. We did not have a direction in the map tender which indicated that Canberra had to be protected or given some preference.

Senator FAULKNER—Could we have the general employment picture at the conclusion of the outsourcing process for AUSLIG? I think that would be helpful.

Mr Holland—In terms of the numbers of APS employees who have left during the 1996-97 financial year and who are estimated to leave as a result of the restructuring in this current financial year, either to the staffing redeployment unit or by way of voluntary redundancies, there are 173 APS employees whom AUSLIG will lose as a result of the process. Our estimate is that approximately 165 of those who were working in AUSLIG prior to the restructuring will be taken up in employment by the organisations who are either delivering commercial services or involved in contracting back to the Commonwealth. That is an approximate figure, given that we do not have solid information on exactly who has been employed by which particular companies and some of these arrangements have not yet been finalised. The net

effect is a reduction of about eight in terms of those who have left and those who are likely to be taking up jobs.

Senator FAULKNER—I think we will probably need to get an update. When are we likely to have any more definitive news there?

Mr Godfrey—The final tender in this area goes out in September. I would expect that we will finalise the process by the end of October this year for AUSLIG.

Senator FAULKNER—We can perhaps revisit it at a later stage.

CHAIR—As there are no questions on subprogram 1.7, Australian Government Analytical Laboratories, we will move on to subprogram 1.8.

Subprogram 1.8—Australian Government Publishing Service

Senator FAULKNER—In relation to the sale of the AGPS, I would be keen to get a little more understanding of the tender process, which is something that I have read a little bit about in the newspapers of late. So could you tell us how many tenderers there are and who they are?

Mr Godfrey—It is not quite as simple as that with AGPS. AGPS is a rather devolved business operation, and we had to split the tender on business adviser advice into several elements. The decision of the government was to market test the services of AGPS. We undertook that in the latter part of 1996 and went out to a formal tender on 7 April for five separate parts. Those parts were the purchase of assets not required for other production covered by the tender, passport production, provision of printing services—in the main, the Government Printing Office for the parliament and legislation—the instant print and copy centres that were located in Canberra and the states, and the creation of an information management strategic alliance.

We received a large number of tenderers in respect of each of those packages. We have finalised certain parts of the process to date, including the sale of the passport production and the sale of two of the instant print and copy centres. The passport production was sold to American bank note, trading as Leigh-Mardon Australia. That was, in fact, finalised yesterday. So passport production is now fully in the hands of Leigh-Mardon.

Two instant print and copy centres have been finalised in Melbourne and Brisbane, and they have gone to Snap Printing. We have decided, in view of lack of response in the tender process, to close two centres. The Department of Social Security, which is running a joint centre with the Australian Government Publishing Service, agreed to not further progress the tender in relation to the printing site at Tuggeranong office park.

Therefore, that leaves the purchase of assets as still outstanding. That was always going to be at the end of the process, depending on what assets were available following the sale process. In relation to the Government Printing Office or the provision of printing services tender, we are in the final stages of negotiation of the best and final offer, which received some press publicity and may be the one you are referring to. The meetings today with the user groups, the parliamentary departments—

Senator FAULKNER—That was what I was referring to. I do not want to interrupt you. Please go back to that, but just explain to me how that aspect of the business is best described so we are just clear on what we are talking about.

Mr Godfrey—What we sold in terms of the package was a requirement to produce, on behalf of the Commonwealth at a fixed price, work for our core customers. The two core customers are the Senate and the House of Representatives for the production of *Hansard*. We

did not give any guaranteed volumes, but we signed up a memorandum of understanding at a fixed price for a period of time.

We also required the tenderer to provide again at a fixed price a three-month service to anyone who previously used the government printer for these core functions. That would include the production of legislation, annual reports and, if it had occurred in the time frame, budget material from Treasury and Finance.

Senator FAULKNER—If we called it the core function tender, we would all know what we were talking about.

Mr Godfrey—Yes, the core work function.

Senator FAULKNER—Thank you. I just wanted to be clear on what the technical terminology was from your perspective.

Mr Godfrey—The last one was package five. There is an ongoing role for the Australian Government Publishing Service in CSO functions, the provision of public access for government publications. We asked tenderers to put forward options to work with us in taking the production work through to the year 2000 and beyond and in particular to look at avenues of moving from printed work for the public to digitisation work. We are unable to finalise that part of the package until we finalise the other elements because they are closely interlinked.

On the time frame, following discussion with the user departments this morning, we expect to make a decision on package three, the core work, by the end of this week or early next week. As a result of that decision, we will also be making decisions in respect of the remaining instant print and copy centres and our venture arrangement for the future CSO functions. So it is expected by the end of this month that we will have made announcements and are hopefully therefore to transfer these functions during the parliamentary recess to the new owner.

Senator FAULKNER—Can we just concentrate our attention on package three, the core work. I think that is the one that has been subject to some press coverage that you would be aware of and obviously I am aware of. If we could just concentrate our minds on that. Could you let me know precisely where we find ourselves in the tender process there. Let us go back to the previous tender.

Mr Godfrey—It is all the one tender. We went out to tender on 7 April.

Senator ROBERT RAY—We will just go back a little further. Can you tell us the date on which the request for tender went out and the date on which the tender closed?

Senator FAULKNER—So that is the previous tender?

Senator ROBERT RAY—Yes.

Mr Godfrey—The tender went out on 7 April and closed at 2 p.m. on Thursday, 24 April.

Senator ROBERT RAY—How many bidders did you get in, approximately?

Mr Godfrey—I think there were nine bidders for that section.

Senator FAULKNER—Is there any problem with letting us know whom they might be? You can give it to us on notice.

Mr Godfrey—That is no problem. I will have to provide that separately. I have got it here somewhere, but not right in front of me.

Senator FAULKNER—Can you tell us which ones were short-listed?

Mr Godfrey—Yes, there were three companies short-listed: Sands Printing, Moore Business Systems, and Union and Better Offset Printing.

Senator FAULKNER—Is it easy for you to explain to us what terms and conditions were outlined as part of the tender process? Is that something that could easily be provided to the committee?

Mr Godfrey—I think that is fairly easy to give because this part of the tender was fairly straightforward. There were three basic clauses that covered the requirements of the tender. These were to provide to the Department of the Senate, the Department of the House of Representatives and the Office of Parliamentary Counsel a production for a period not less than 18 months the volume of work required by those departments at a fixed price—the fixed price being available to the short-listed tenderers.

In addition, the successful tenderer must for a period not exceeding three months from the completion of the sale agreement offer the core work services to client departments on no less favourable terms, including price, than currently provided by the Australian Government Publishing Service. The terms, including the price, were available to the short-listed tenderers.

The key element was that the successful tenderer of package three is not guaranteed any volume of work whether or not the client departments had signed a MOU with AGPS prior to completion of the sale of package three. We also offered to the successful tenderer to purchase the equipment that is used for those core work services. So the tender rested on the production of a non-guaranteed volume of work at a fixed price and the option to purchase equipment that is currently used by AGPS for that production.

Senator ROBERT RAY—So this was a fairly simple ask for tenderers to respond to when compared with a lot of the other more complex ones you have dealt with, wasn't it?

Mr Godfrey—In terms of other DAS businesses, this element was fairly straightforward.

Senator ROBERT RAY—So the three firms you short-listed were all compliant?

Mr Godfrey—Correct.

Senator ROBERT RAY—Of the other six, how many were noncompliant or uncompetitive? Which category did they fall into?

Mr Godfrey—We did not necessarily get to that stage. We got to the stage of one being noncompliant and the others were either noncompliant or non-competitive—they just fell off the list. I did not make a formal decision on compliance or competitiveness.

Senator ROBERT RAY—Was there a firm that was relatively competitive but noncompliant?

Mr Godfrey—There was a firm that was noncompliant. I would not have made a judgment at that stage on their competitiveness.

Senator ROBERT RAY—On what basis were they noncompliant?

Mr Godfrey—They did not agree with those clauses that I just read out.

Senator ROBERT RAY—They did not conform to them?

Mr Godfrey—They did not conform and would not agree to provide production of work at our prices to the parliamentary departments.

Senator ROBERT RAY—There was not any process of discussion prior to the closing of tenders by the department back to the prospective tenderers or questions and answers as to

compliance; was there any of this process followed or undertaken—I am not saying it should have been but did it occur in this process?

Mr Godfrey—As was outlined in the court case, there was a process established to determine whether the company response was a compliance or noncompliance issue. We gave them the opportunity by correspondence to say whether they complied with those clauses or not.

Senator ROBERT RAY—I think I read something in the papers, did I not, where the department had maintained, both pre and post the court case, that your tender processes were proper and above board?

Mr Godfrey—That is our position, yes.

Senator ROBERT RAY—But in fact your evaluation of the tenders and the elimination of one on the grounds of noncompliance was just the normal run-of-the-mill decision you would make in terms of any contract.

Mr Godfrey—It was in terms with our normal procurement procedures, yes.

Senator ROBERT RAY—Could you tell us a little about the grounds on which one of the noncompliant tenderers went to court? I am not asking for a legal opinion here, but you may just summarise the result of the court case for us.

Mr Godfrey—You will not get a legal opinion because I am not a lawyer. The company—I think it would be easier if we identify it—the J.S. McMillan consortium, went to the Federal Court on the basis that the Commonwealth had acted in contravention of the Trade Practices Act. Just to summarise it, in so far as the Commonwealth through the chair of the evaluation committee had guaranteed McMillan's a place on the short list and the process was misleading, which is important under the Trade Practices Act, as the Commonwealth had not made it clear to McMillan's that the failure to comply with the tender criteria—those clauses I read previously—may exclude them from being short-listed. I think that is a synopsis of their claim to the Federal Court.

Senator ROBERT RAY—And the Federal Court essentially said that, no matter what else, the Trade Practices Act does not apply to the Commonwealth.

Mr Godfrey—Yes. Justice Emmett of the Federal Court dismissed the application, agreeing with the Commonwealth's submission that the Commonwealth when going through the process of tendering for the sale of assets was not carrying on a business and therefore the relevant sections of the Trade Practices Act did not apply.

Senator FAULKNER—What has been the department's response to the Emmett decision?

Mr Mellors—May I just interrupt for a moment: I think we should also note at this point that, while Justice Emmett essentially upheld the Commonwealth's contention that the Commonwealth was not subject to the Trade Practices Act in this matter, he also as a matter of fact concluded, contrary to our arguments, that the Commonwealth had engaged in misleading conduct. That featured quite prominently both in his judgment and in subsequent media coverage of it.

Senator ROBERT RAY—But we have already heard evidence today that the department does not agree with the judge's decision—not by being disrespectful to the judge. The department maintains its position that it acted with full probity; isn't that right?

Mr Mellors—Well, one can accept the umpire's decision without necessarily agreeing with it.

Senator ROBERT RAY—Yes, but you are maintaining that your processes were correct and that full probity was maintained at all times; isn't that your position?

Mr Mellors—That is our position.

Senator ROBERT RAY—Thank you.

Senator FAULKNER—Thank you for that, Mr Mellors. Mr Godfrey, you were going to outline to us the department's response to Justice Emmett's decision.

Mr Godfrey—The initial response was to determine whether the other party would appeal the decision that the Commonwealth won and, if that were to occur, we would have lodged a counterappeal to try to settle this issue of the factual finding in regard to the process. However, we examined the finding of Justice Emmett in respect of the fact that he believed we may have been misleading in not specifying that failure to comply with all tender criteria may result in the tenderer not being considered for short-listing.

On the basis that that was a possibility, I made a decision to reopen the best and final stage of the tender process. We did that on 27 July and we are now in the process of finalisation of that best and final offer stage. We went to four companies, the three that were short-listed—Sands Printing, Union and Better Offset Printing and Moore Business Systems—plus the J.S. McMillan consortium of J.S. McMillan, Pirie Printers and Imsep Pty Ltd.

Senator ROBERT RAY—You said you made the decision to reopen?

Mr Godfrey—Correct.

Senator ROBERT RAY—On 27 July, did you say?

Mr Godfrey—Yes, July.

Senator ROBERT RAY—What sort of precedent does that set for other losing tenderers where the department has acted in full probity and correct procedure and then the tender process is reopened after a unsuccessful court case; what precedent does that set for the future?

Mr Godfrey—In my view and the advice that I was given by the business advisers and the legal people is that it did not set a precedent because of the very special circumstances that Justice Emmett had found and the fact that we did have a factual finding of a judge of the Federal Court, which is most unlikely to occur in the normal course of a procurement event. It was unlikely to be establishing a precedent for the normal procurement processes of the Commonwealth.

Senator ROBERT RAY—Weren't McMillan going to appeal this decision? Did I not read that in the press? Before your decision to reopen it, were they not going to appeal the decision?

Mr Godfrey—I think the best way to describe it is that there was a threat of appeal; no appeal was lodged with the Federal Court.

Senator ROBERT RAY—No-one will see you readmitting them to the processes—reaction to a possible threat of further legal action? I am not saying that it was, but people might be inclined to read that into it.

Mr Godfrey—I think a variety of people read various things into the process of reopening the tender, but the decision to restart was taken, I believe, on the basis that it would not set a precedent for the future.

Senator ROBERT RAY—You get a lot of whinges, do you not, from people not making short lists in the tendering process?

Mr Godfrey—Correct.

Senator ROBERT RAY—You get the threat of legal action, usually in the hope that it will go to arbitration rather than the full court procedures. Won't this just encourage more people to complain when they lose—and lose quite appropriately, because they were noncompliant? This firm was non-compliant, was it not?

Mr Godfrey—This firm was noncompliant in the view of the evaluation team and the delegate, yes.

Senator FAULKNER—I want to ask you about the interaction between your department and Dr Hewson on this issue. First of all, Dr Hewson was acting on behalf of McMillan. I do not think it is any secret; it has been well reported in the press that McMillan enlisted the help of Dr Hewson. Dr Hewson, I suspect, needs little introduction to anyone sitting around this table. How many meetings did Dr Hewson have with Minister Jull?

Mr Godfrey—To my knowledge, two meetings. There was only one meeting, though, after the court case.

Senator FAULKNER—There was one meeting after the court case and one meeting before?

Mr Godfrey—I think that is correct.

Mr Mellors—I can confirm that. I can also confirm that I was present at the second meeting which Dr Hewson had with Minister Jull and that the department had already advised the minister as to what it proposed to do in this case following the court case before that second meeting with Dr Hewson.

Senator ROBERT RAY—I see, but did you tender that advice prior to or before knowledge that that meeting was going to take place?

Mr Mellors—I honestly cannot recall, because we had to move to take a decision—

Senator ROBERT RAY—Let's just go back to normal procedure. The minister says, 'Look, I have got Dr Hewson coming around to raise this matter. I would like some background material.' Surely that is what prompted the briefing note or whatever notes. You did give the minister notes, I assume, for his meeting with Dr Hewson. I would have thought that that would have been normal operating procedure.

Mr Mellors—It certainly was not based on any conversation with Minister Jull, because Minister Jull was overseas for most of the critical time. He only returned to the country on Monday, 21 July. Mr Godfrey may remind me of the exact sequence of events.

Senator FAULKNER—Could we start perhaps with the dates of the two meetings that Dr Hewson had with Mr Jull? That might be a good starting point.

Mr Godfrey—The first meeting was in June. The second meeting was 22 July. I do not have here the exact date of the first meeting, but I can provide it to you.

Senator ROBERT RAY—Could you give us the date when the writ was taken out to take you to court?

Mr Godfrey—Yes, the last week of June.

Senator ROBERT RAY—Presumably Dr Hewson saw Mr Jull prior to the legal writ?

Mr Godfrey—Correct.

Senator FAULKNER—I appreciate that Mr Mellors can certainly help us with the second meeting. Could you let us know who was present at the two meetings?

Mr Godfrey—At the first meeting it was the minister, his senior adviser—

Senator ROBERT RAY—Who was that?

Mr Godfrey—John Sutherland. There was Dr Hewson and Mr McMillan.

Mr Mellors—At the second meeting it was the minister, Mr Sutherland, me, Dr Hewson and Mr McMillan, as I recall.

Senator ROBERT RAY—In regard to the first meeting, it would not be unusual for a minister to debrief a losing tenderer, would it?

Mr Mellors—It would be somewhat unusual. Normally, the department conducts the tender process and debriefs unsuccessful tenders.

Senator ROBERT RAY—Yes, I suppose so. But the unusual aspect in this case is that that debriefing is usually done, is it not, after the award of the tender, not before?

Mr Godfrey—Correct.

Senator ROBERT RAY—So this first meeting normally would not have been a debriefing meeting but one in response to complaints from McMillan about flawed process; what they regarded as flawed process?

Mr Godfrey—Following the announcement of the short listed tenderers.

Senator FAULKNER—Thank you for that. Did the department prepare a brief for the minister for the first and second meetings?

Mr Godfrey—Yes, and yes for the second meeting as well.

Senator FAULKNER—Did they go to the minister under your signature, Mr Mellors? I assume they would. Is that the normal practice?

Mr Mellors—Certainly the second brief went over my signature. I think the first brief might have been prepared by Mr Godfrey.

Senator FAULKNER—Mr Godfrey, did the first brief to the minister for the first meeting go under your authorisation?

Mr Godfrey—That is correct. It did not go through the secretary. The second one did go through the secretary, over his signature.

Senator FAULKNER—I appreciate that, but the first one went?

Mr Godfrey—Direct from me.

Senator FAULKNER—Did Dr Hewson have any meetings separately with departmental officers?

Mr Godfrey—He had no meetings with Department of Administrative Services officers—that I am aware of.

Senator FAULKNER—But he did have meetings, did he not, with Mr Max Moore-Wilton?

Mr Godfrey—Correct.

Senator FAULKNER—I appreciate that you are the Department of Administrative Services and he is the Secretary of Department of the Prime Minister and Cabinet but, given the fact that DAS is the responsible agency here, did Mr Moore-Wilton invite DAS to be present at that meeting?

Mr Godfrey—No, Senator.

Senator FAULKNER—So how did you find out about the meeting?

Mr Godfrey—I was asked by one of the legal advisers to the Secretary of the Department of the Prime Minister and Cabinet just before the meeting was to be conducted for the answer to certain factual questions in regard to the tender and where we were following the decision of Justice Emmett.

Senator ROBERT RAY—Can you recall who the officer was. Mr Godfrey?

Mr Godfrey—No, I do not have that with me.

Senator FAULKNER—Apart from that information which you have provided, which I appreciate, was the Department of Administrative Services responsible for the development or provision of any other briefing material for the Secretary of the Department of the Prime Minister and Cabinet?

Mr Godfrey—No, there was no written brief or any other brief other than that short telephone conversation.

Senator FAULKNER—Thank you. Do you know who was present at the meeting with Mr Moore-Wilton.

Mr Godfrey—No, I do not know who was present.

Senator FAULKNER—Do you know how many meetings took place with Mr Moore-Wilton?

Mr Godfrey—It is my understanding that there was only one meeting, following some other comments that were made by the parties at the meeting with our minister.

Senator FAULKNER—Do you have any knowledge of who was present. I appreciate that that is a difficult question for you. You may well not have any knowledge of that.

Mr Godfrey—I indicated that I do not have any knowledge of who was present.

Senator FAULKNER—Thank you. Did you have contact from Mr Moore-Wilton or the Department of the Prime Minister and Cabinet following that meeting?

Mr Godfrey—Yes, the secretary received correspondence on 17 July in respect of that meeting. I do note that in that correspondence Mr Max Moore-Wilton indicated that Mr Robert McMillan, Dr John Hewson and Mr Russell Parkes were at the meeting but it does not indicate who else was there.

Senator FAULKNER—Who might Russell Parkes be?

Mr Godfrey—I understand that Russell Parkes is a consultant here in Canberra. He was obviously working with Mr McMillan on the consortium bid.

Senator FAULKNER—So Mr Max Moore-Wilton has written to DAS. I assume that is a letter from Mr Moore-Wilton to you, Mr Mellors, on 17 July?

Mr Mellors—Correct.

Senator FAULKNER—Could a copy of that letter be made available to the committee, please?

Mr Mellors—We could obtain a copy for you, yes.

Senator FAULKNER—Could that be tabled in comparatively short order so that we can have a look at it. You never know: it might even generate another question or two. I would appreciate that being made available.

In relation to the meetings that you were present at, Mr Mellors, with the minister, did you keep file notes of the meeting? Is that your normal practice in these sorts of things?

Mr Mellors—I did not on this occasion, because I did not need to.

Senator ROBERT RAY—You did not need to because you knew the decision was going to be okay. There was just no tension about by the time of the meeting. Is that right?

Mr Mellors—No, Senator. That is not quite the way I would put it. I had provided advice to the minister before the meeting as to what the department intended to do. Essentially, that advice was that on balance we should—provided that it could be done without disadvantage to the previously short-listed tenderers—broaden the process to add McMillans to the short list, subject to negotiation of terms between us or our legal advisers and McMillans. Indeed, that was the agreed outcome of the meeting, which lasted a relatively short period of time.

Senator ROBERT RAY—You had no feedback from the minister's office saying that this was good advice and 'we are going to go along with it' before the meeting started?

Mr Mellors—No, and it was not in the nature of advice to the minister as a decision maker; it was in the nature of advice to the minister informing him what the department intended to do.

Senator ROBERT RAY—So it was almost not necessary to have the meeting, other than to get the accolades of Dr Hewson for a smart, wise and serious decision?

Mr Mellors—I could not comment on that, other than to note that there was no agreement as such at the meeting. There was simply agreement that the legal advisers from the two sides would be brought together to see if that outcome could be achieved. In the event, it was.

Senator FAULKNER—Would the letter that went from Mr Moore-Wilton to you, Mr Mellors, basically represent the outcome of the meeting that he had with Dr Hewson and others—some of the names of whom have been read into *Hansard*?

Mr Mellors—From recollection, apart from noting the fact that that meeting had occurred, the main thrust of Mr Moore Wilton's letter to me was that, in the light of Justice Emmett's findings of fact in relation to the conduct of the tender process and some concerns about how that might impact on perceptions of Commonwealth tendering processes more generally, we should give consideration to the possibility of restarting the process. That was the essence of his letter to me.

Senator ROBERT RAY—Is this the first letter Mr Moore-Wilton has written to you on a tendering process?

Mr Mellors—From recollection, yes.

Senator ROBERT RAY—He did not write to you about the various OGIA contracts that went out—the tendering processes there?

Mr Mellors—To the best of my recollection, no. I think the important point, however, is that in a sense Mr Moore-Wilton's letter was superfluous because clearly, in the light of Justice Emmett's judgment, we had to give very serious consideration to our options and what was then going to be our approach to the whole issue. The department formed its judgment on that question quite independently of the issues raised directly by Mr Moore-Wilton. We received extensive legal advice in the days following Justice Emmett's judgment. We also had a series of internal discussions about the implications for the Commonwealth and Commonwealth finances of extended delays in concluding the process. It was on those grounds, having regard to all that advice, that I advised the minister as I did.

Senator ROBERT RAY—The McMillan company is a pretty strong and reputable company, isn't it? Or that is the reputation it has got around Melbourne. I do not know about elsewhere in Australia.

Mr Mellors—I am not intimately acquainted with the reputation of firms in the printing industry, I am sorry.

Senator ROBERT RAY—Have you had any remits from the short-listed companies that thought they were going to be in a three-way contest now it is a four-way contest? Was there dancing in the streets when it was realised you were going to re-admit this other company?

Mr Godfrey—We received one piece of correspondence from one of the previously short-listed tenderers. It could be best described as a 'keeping its options open' type letter.

Senator ROBERT RAY—You would understand that, as a respected businessman, the conjunction of former Liberal leader representing a firm and then it suddenly being re-admitted into the process would cause some angst amongst some of the other firms. You would agree with that, Minister, wouldn't you—that that may be cause for angst amongst some of the other firms?

Senator Kemp—I would go by the facts of the case—whether there were any views put to the department.

Mr Mellors—I think the answer is yes.

Senator FAULKNER—You would be aware, Minister, that in fact Dr Hewson has called for the government to amend the Trade Practices Act to extend its coverage to all the government's business activities, effectively removing any doubt as to which activities it applies to and which it does not? I would be interested—it is probably a better question, to you, I suspect, Minister—in what the government's response to Dr Hewson's call might be.

Senator Kemp—I am not aware that the government has made a response. I am not actually aware that Dr Hewson has called for that, but I am seeking advice.

Senator FAULKNER—What is the advice?

Senator Kemp—The initial advice is that this is quite outside this portfolio. I would endorse that advice.

Senator ROBERT RAY—Yes, but you would concede, Minister, that a letter by the Secretary to the Department of Prime Minister and Cabinet—it was unusual; it would be the first of its kind questioning a tendering process—used, we understand, as its basis of initiation the fact of the Federal Court case, all of which hung on the question of whether the government was covered by the Trade Practices Act or not. Otherwise, if it is not relevant to this department, you wonder why they even took on board the letter from Mr Max Moore-Wilton.

Senator Kemp—We have canvassed those issues. I do not think I have got anything to add to my earlier comment.

Senator ROBERT RAY—We know that.

Senator FAULKNER—I might ask you a question about government policy, Minister Kemp. Is it the government's policy to make public sector enterprise operate in the same legal and commercial environment as the private sector? I understood it was, but I think that is a reasonable question to you. Perhaps you could just have a crack at answering that one.

Senator Kemp—I will give you a statement on that if it is relevant to this department, but I think the facts of the matter are that it is not.

Senator ROBERT RAY—I understand the English cricket side is looking for an opener too.

Senator FAULKNER—One that does not flash outside the off stump. Should some government business activities, in your view, Minister, be exempt from the Trade Practices Act?

Senator Kemp—This is not a matter for this portfolio.

Senator FAULKNER—It is obviously, as you can see, a matter for this portfolio.

Senator Kemp—I am here on behalf of Minister Jull. Unless any of his advisers have got some information which needs to be conveyed to the committee, I think I will rest with my earlier statement.

Senator FAULKNER—Mr Mellors, do you think these are matters of importance in terms of the administration of DAS? Senator Kemp tells me it is not a matter for this portfolio. I would have thought the last hour's discussion, the questioning, at this estimates committee would indicate that it is a matter of some significance and important for you, with responsibility for administering the department, to take account of.

Mr Mellors—I think I can simply say that obviously the department has to conduct its administration. I guess that includes its tendering processes within the law of the land. Obviously we attempt to do that. If there is policy debate about the content of that law, that is a matter quite possibly for another portfolio minister, as it is in this case.

Senator FAULKNER—I am sorry. Would you say the last thing again?

Mr Mellors—I am saying that if there is debate or debate is raised about the actual content of the law, that is typically not a matter for Minister Jull or the Department of Administrative Services. That is the case in this instance.

Senator FAULKNER—Yes, but I would have thought that surely the administering of public sector enterprises, their operations and how they operate would be of great significance to DAS given your responsibilities?

Mr Mellors—As I say, yes, it is to the extent that we always seek to operate within the law and therefore we have to be aware of the law and understand it.

Senator FAULKNER—That is a very reasonable answer, far more reasonable than the answer the minister managed to give and, I expect, somewhat coloured by the comment by the minister that indicated that it was not a matter for this portfolio.

Senator ROBERT RAY—However, the situation now, from the point of view of J. S. McMillan Pty Ltd, is that they have been knocked out for being noncompliant, have taken a court case that they have lost legally and maybe won morally and that, through the good offices of Dr Hewson and Mr Max Moore-Wilton and a rethink by Administrative Services, have now got into the contest. I suppose I know the answer to this, but what guarantees have they now got that they will have an absolutely fair evaluation? I am not reflecting on the department at all but the natural tendency is, I would have thought, to think that maybe they are not really there legitimately so 'you know, let's give them their shot at the title and buzz them off'. I am really asking how, in your own minds, do you push those thoughts aside and make it a fair evaluation from now on until when you make the decision later this week or in the next couple of weeks?

Mr Godfrey—I think it is very easy to push that aside. The decision was to reopen the best and final offer stage. We did that through new formal documentation that went out on Monday,

28 July. That included information that was available perhaps to J. S. McMillan but may not have been available to the other tenderers, such as the court case material that was available publicly. I think the tenderers evaluation criteria are divorced from the company in terms of value for money with the possible exception that our financial advisers will look at each individual company's financial status—other than that, they just number one, two, three and four in terms of the assessment criteria. I think that is the normal process in evaluation and that will be the delegates' position.

Senator ROBERT RAY—Thank you for that.

Senator FAULKNER—J. S. McMillan is an Australian-owned company, isn't it?

Mr Godfrey—Yes, that is correct.

Senator FAULKNER—Fully Australian-owned?

Mr Godfrey—Yes.

Senator FAULKNER—Are the three other short-listed tenderers Australian-owned companies?

Mr Godfrey—Two of those companies are more an Australian part of a multinational company.

Senator FAULKNER—Canadian-owned?

Mr Godfrey—Yes, Canadian-owned.

CHAIR—Are there any further questions on this matter?

Senator FAULKNER—Not on this matter, but there will be on subprogram 1.8. Mr Mellors has also indicated that he is going to table a letter from Mr Moore-Wilton.

Mr Mellors—Mr Chairman, I now have available to me a copy of that letter, which is available to be tabled.

CHAIR—Thank you, Mr Mellors, we will accept it.

Senator FAULKNER—I thank the department for tabling so quickly the letter requested by the committee. It is appreciated. Could Mr Mellors or Mr Godfrey explain what occurred at a departmental level after receipt of this letter on 21 July? Perhaps let me just ask this preliminary question: I notice that this was received in the department on 21 July. I assume that is the copy that came through the postal system. Was an earlier copy of this faxed to the department for your edification?

Mr Mellors—Yes, it was. I received a fax copy at about 5 p.m. on 17 July.

Senator FAULKNER—I assumed that that probably would have been the case. What did you then do in response to this communication from Mr Moore-Wilton?

Mr Mellors—As I said earlier, in one sense the letter was a little bit superfluous because immediately following Justice Emmett's judgment on 15 July you might imagine that the department was engaged in very serious consideration of what its options were, the legal position and the implications for costs, both legal and in a broader sense. We continued to pursue those matters in considerable detail both before and after the receipt of the letter from Mr Moore-Wilton.

Senator FAULKNER—I assume it did not sit in your pending tray or anything?

Mr Mellors—It sat on my desk, Senator.

Senator FAULKNER—Did you respond to him?

Mr Mellors—I responded to the letter some considerable time later after the minister had announced the department's decision in the matter.

Senator FAULKNER—When you received Mr Moore-Wilton's faxed letter, appreciating that you had it sitting on your desk, did you shoot a copy over to the minister to apprise him of the views of Mr Moore-Wilton?

Mr Mellors—No, I did not. As I indicated, the minister was overseas at the time, but, in any event, I felt it important that the department form a view as to how the entire issue should be resolved before advising the minister of the department's view.

Senator ROBERT RAY—On what date was the minister expected back?

Mr Mellors—He was expected back, from memory, on 21 July when he returned to the country.

Senator ROBERT RAY—When did he meet with Dr Hewson?

Mr Mellors—On 22 July.

Senator FAULKNER—What was the date of the brief that went under signature to Minister Jull for the 22 July meeting with Dr Hewson et al.?

Mr Mellors—I think it important that I give both the time and the date. I completed my brief at approximately 8.30 a.m. on 22 July and, from memory, it was faxed to the minister's office at about 10.30 a.m. that day and the meeting with Dr Hewson took place around noon that day.

Senator FAULKNER—It was in that brief, if I understand you correctly, that you included a recommendation to the minister on an appropriate course of action in this circumstance or was that dealt with via some form of separate brief?

Mr Mellors—What I advised the minister was that, in light of all the advice that I had received both from within the department and legal advice, if McMillans requested the department to admit it to the short list then the department intended to agree to that subject to terms and conditions to be negotiated between our legal advisers. I was, in effect, informing the minister of what we intended to do. I was not seeking a decision from the minister on the matter.

Senator ROBERT RAY—In effect, the minister's meeting with Dr Hewson and the McMillan representatives was not going to the substance of decision making; it was just an information meeting.

Mr Mellors—It was an opportunity for McMillans to, I guess, express their concerns in light of Justice Emmett's judgment. I imagine they would not have been aware before they participated in that meeting that the department had already advised the minister what it proposed to do and that became clear at the meeting.

Senator FAULKNER—Can I just be clear, Mr Mellors? In a situation like this where a company is to be effectively added to the short list because of the circumstances that we are all well aware of, is that a matter for decision for you as secretary or another member of the department or is that technically a matter that is for final decision and determination by the minister?

Mr Mellors—I stand subject to be corrected here. Ultimately, I believe any minister has the power to take decisions in these matters but of course those powers are normally delegated to agency heads who, in turn, may delegate them to other officers. In this particular case there was no suggestion that the minister wished to take the decision or had sought in any way to

be the decision maker. Mr Godfrey was and remains the official decision maker. But obviously in this particular case when Justice Emmett's judgment was given he quite naturally consulted very closely with me and, in practice, our decision as to how we were to proceed was a joint one.

Senator ROBERT RAY—It would have been quite proper if the minister was of the view that the system was flawed to issue instructions on this. It is part of ministerial responsibility. In fact I would have thought in tenders the key role of the minister is not to evaluate the tenders but to make sure the process of tendering is correct.

Mr Mellors—Indeed.

Senator FAULKNER—But in terms of your communicating the decision of the decision maker, in this case Mr Godfrey, on this issue to the minister, that was contained in the brief of 8.30 a.m. of 22 July?

Mr Mellors—Senator, I draw a distinction between the formal decision maker and, if you like, who was involved in the decision making.

Senator FAULKNER—It is not entirely clear, Mr Mellors. Perhaps you could spell it out.

Mr Mellors—The ultimate responsibility for the advice that went to the minister on what the department intended to do is mine. That was based on advice, in turn, from Mr Godfrey, from our internal legal advisers, from our external legal advisers and my own judgments about the pros and cons of the various options.

Senator FAULKNER—Did you at any stage respond to Mr Moore-Wilton? Did you have any telephone conversations with him or communicate with him in any way?

Mr Mellors—I did write to Mr Moore-Wilton, as I said, after the minister had released his media statement as to how the department intended to proceed.

Senator ROBERT RAY—Was it made clear in that release that it was a departmental decision rather than ministerial?

Mr Mellors—From memory, I believe it was.

Senator ROBERT RAY—I do not think it was reported that way.

Mr Mellors—No, it certainly was not reported that way but I believe the release was drafted quite carefully to make that point.

Senator FAULKNER—As I understand it, the AGPS actually employed some consultancy to assess submissions that were received as a result of the request for proposal—the RFT obviously being later. Could you briefly outline that process, if I am correct?

Mr Godfrey—The process was that the department, rather than the business unit AGPS, engaged an external evaluation team to assist in the evaluation and preparation of the tender documentation. As I indicated at the outset, the government decision in relation to this matter was to market test; therefore, we were requiring the existing AGPS to provide us with baseline data. So it would have been unfair to have had AGPS involved in the process. We made it perfectly clear that there would be no AGPS officer on the evaluation team as a part of the process, to ensure that there was this divergence between the baseline data for market testing and the final tender document.

A three-person panel of external consultants was established and we employed Deacons Graham & James as our legal advisers for the process. That evaluation team reported direct to me.

Senator FAULKNER—What was the actual name of the consultancy?

Mr Godfrey—There were three individuals—

Senator FAULKNER—But is it a company, or—

Mr Godfrey—No. Officers from three separate companies were employed as part of the evaluation team, headed by a person from ISSC/IBM, Chinook Investments and a legal company in Canberra.

Senator ROBERT RAY—Before I ask you what steps you took to make sure that the sort of criticism you got over the Federal Court is not replicated in other cases, am I right in saying that, in Mr Max Moore-Wilton's letter to you, he has asked you to do two things. He has asked you to make a 'fresh start and an obviously arms-length management of the process' on the basis not so much of fairness and equity but that it would 'reduce the likelihood of this matter embarrassing the Government'. Is that right, Minister?

Senator Kemp—You are quoting from the letter, I gather. Is that right?

Senator ROBERT RAY—Yes. Embarrassment of the government surely is not the motive in this case. Surely the motive is a fair tendering process.

Senator Kemp—The letter says:

I am sure you appreciate the importance the Government attaches, not the least because of the very large sales in prospect over the next year or so, to ensuring clear and fair processes

That is what he says in the letter: clear and fair processes. You asked me whether it should be a fair process and I think that is the matter he stressed in that paragraph.

Senator ROBERT RAY—I would have thought the matter he stressed was embarrassing the government.

Senator FAULKNER—Minister, could I draw your attention to the second last paragraph of Mr Moore-Wilton's letter? Are you going to communicate with Mr Moore-Wilton now to tell him he is quite wrong that the policy question is a matter for DAS? You told us it was not, but Mr Moore-Wilton is obviously operating under the misapprehension that it is. How do you plan to tell Mr Moore-Wilton that he has got it wrong?

Senator Kemp—Don't be childish, Senator. The issue of the Trade Practices Act comes under another department. Departments like DAS can express their views if they wish to, but you asked me about government policy in relation to this matter.

Mr Mellors—This can be dealt with very simply. I did indeed subsequently write to the Treasury and drew their attention to the case without expressing a view on whether or not the legislation or anything else should be amended, because that is not a matter for DAS. But I certainly drew Treasury's attention to the case.

Senator FAULKNER—In your response to Mr Moore-Wilton, did you indicate to him that this was not a matter for DAS?

Mr Mellors—I indicated to him that I had drawn it to the attention of the Treasury.

Senator FAULKNER—But you are just telling us it is not a matter for DAS. It seems a logical thing to tell him that.

Mr Mellors—I think, by inference, that is what I did tell him, by saying that I had drawn the matter to Treasury's attention.

Senator FAULKNER—Is there a problem, in due course, with making your communication to Mr Moore-Wilton available to the committee?

Mr Mellors—No.

Senator FAULKNER—If you could do that, I would appreciate it.

Has Enisand Pty Ltd had any role in consulting for DAS or AGPS at any stage through the tender process?

Mr Godfrey—I can say that it was not involved in this process at all. I am looking at the list of external consultants used by AGPS in 1996-97, and that company does not get a mention.

Senator ROBERT RAY—It was not involved in one of the RFTs in the second of the three-stage tender process?

Mr Godfrey—Not to my knowledge, unless it is a company. There were 486 companies who requested documentation. It may have been one of those.

Senator ROBERT RAY—It was not the company that made recommendations to the AGPS as to the value of the submissions, the appropriateness and the ability of the proposers to perform work for which they wished to tender?

Mr Godfrey—Not to my knowledge. In view of the fact that you are raising it on an in-house bid, I will follow it through.

Senator FAULKNER—Mr Godfrey, I know you have covered this but it is an important issue so let us get it straight. You did say in the request for proposal that there had been three individuals acting as consultants for DAS.

Mr Godfrey—Yes.

Senator FAULKNER—You may have given this information and I did not jot it down. I would now like to jot it down. Who were those three individuals?

Mr Godfrey—I gave you the names of the three companies, Senator. The three companies including individuals are Brian Lee Archer from IBM Consulting, Len Withers from Equalisers Pty Ltd and Alan Cox from Chinook Investments Pty Ltd.

Senator ROBERT RAY—Did you have dealings with a Mr Bill Mathias who was a consultant adviser to the Sands group?

Mr Godfrey—He was a part of the consortium from Sands. I understand that he did attend some of the presentations. The evaluation team may have had contact with him.

Senator ROBERT RAY—Are you aware that he is one of the principals of Enisand, the firm Senator Faulkner mentioned before?

Mr Godfrey—No, I am not aware of that. That was not disclosed in the financial data. All that was presented to me was the delegate.

Senator ROBERT RAY—Would you be happy to track back to your records to see whether Enisand did in fact assess submissions received as a result of the request for proposal?

Mr Godfrey—Yes, I am quite happy to do that for you.

Senator ROBERT RAY—Could you also see whether Mr Mathias was involved in that process and involved in the later process representing the Sands group. Naturally, then you would have to draw a measurement to see if there was any conflict of interest involved.

Mr Godfrey—In relation to the second question, the tender process was quite distinct and separate from the initial request for interest process. We undertook an entirely different stage in April. I will undertake to find out whether there is any cross-referencing of that person.

Senator FAULKNER—Because of the litigation that has taken place here, would McMillan, for example, have a capacity to subpoena copy of tender documents and that sort of thing through the process? I do not know and it would be interesting to understand it.

Mr Godfrey—The court process did involve the provision of an enormous amount of data to the court. The agreement of the legal parties was that anything which would have disclosed anything in relation to the other tenderers was not provided to the McMillan consortium. We were confident that the McMillan consortium did not receive any advice or information in relation to the other tenderers as a result of the court case.

Senator ROBERT RAY—You are saying nothing in that process would have allowed McMillan to gain further knowledge of the Kingston premises and allow them to alter their bid accordingly.

Mr Godfrey—As I indicated earlier, Senator, when we reopened the best and final stage we reissued a whole new document and we were at pains to ensure that any documentation including the lapse of time effect was covered in the new best and final offer so that all parties were on an equal footing. The major changes did in fact affect the changes in time of work going to other directions and the one that you mentioned in that we had by then signed a lease with the ACT government on the use of the premises at Kingston. That information was provided and included in the documentation of the best and final reopening. We do not, therefore, believe that McMillans were in any way advantaged as a result of the court process in respect of data.

Senator ROBERT RAY—But part of that Kingston thing was a solution proposed by one of the other bidders, wasn't it?

Mr Godfrey—No. That part of the tender was not included within the documentation.

Senator ROBERT RAY—Mr Godfrey, how many meetings, leaving aside Dr Hewson for the moment, would you have had with McMillan from the close of tenders and the final meeting between Dr Hewson, McMillan and co with the minister on the 27th?

Mr Godfrey—During that period I had no meetings whatsoever. The evaluation team had formal processes in place where they would have met at the briefing day and the site inspection of which there were a couple because they were by appointment. I did not have any meetings before the minister met with McMillan and Hewson post the court case.

Senator FAULKNER—Would that go for the other tenderers too or was that because they were not short-listed?

Mr Godfrey—I attended the briefing session of the short-listed tenderers for package 3 to provide advice on those matters that may have been more of general government policy rather than those specific to the tender. Therefore, I did meet with the representatives of Union, Sands and Moore at that meeting.

Senator ROBERT RAY—Would it be possible for you to read out clause 10.1, which discusses the terms and conditions of the tender? I want to know how clear they were and whether it would be possible for McMillan to misunderstand them.

Mr Godfrey—Yes. The heading under clause 10 is 'Tenderers to inform themselves'. Clause 10.1 states:

Tenderers are deemed to have:

- . examined the RFT, any documents referenced in the RFT (including the Data Room) and any other information made available in writing by the Commonwealth to tenderers;

- . examined all further information which is obtainable by the making of reasonable inquiries relevant to the risks, contingencies, and other circumstances having an effect on their tender; and
- . satisfied themselves as to the correctness and sufficiency of their tender including prices.

Senator ROBERT RAY—It may be helpful to us if you could also read out clause 10.7 and 10.9 in package 3.

Mr Godfrey—These are the two clauses I referred to earlier. They read as follows:

10.7 Where an MOU has not been entered into with Core Work clients at the time of completion of the sale of Package 3, the successful tenderer of Package 3 must, for a period not exceeding 3 months from the completion of the sale agreement, offer Core Work services to Client Departments on no less favourable terms (including price) than currently provided by AGPS. The terms under which the AGPS provides current services are available in the Data Room.

... ..

10.9 The successful tenderer of Package 3 is not guaranteed any volume of work, whether or not the Client Department has signed an MOU with AGPS prior to completion of the sale of Package 3.

Senator ROBERT RAY—Even I can understand that. I cannot understand how McMillan could not.

Mr Godfrey—I cannot comment on that, Senator.

Senator FAULKNER—After the decision of the 22nd, Mr Godfrey, did you then have meetings or discussions with any of the short-listed tenderers?

Mr Godfrey—After the meeting that you referred to on the 22nd, there were conditions as a part of our decision to reopen the tender. In the first instance, that afternoon and the following day, the legal teams got together to discuss those conditions for reopening of the tender. When there was some difficulty in those discussions, the McMillan consortium and the legal teams came to Canberra. I participated in a meeting with that group in order to finalise the reopening and reach agreement on the conditions for that. I did not meet, and have not met, any of the other tenderers in the package 3 process as a result of the meeting on the 22nd or any other time.

Senator FAULKNER—I assume the evaluation committee had a briefing with the tenderers. Would that be right?

Mr Godfrey—Yes, as a part of the reopening of the tender and the provision of data, we indicated that there would be both site inspection and the opportunity for a formal briefing. I understand that only the McMillan consortium attended that briefing session. The other tenderers were happy to receive copies of the questions and answers in writing immediately after the meeting rather than coming to the meeting.

Senator FAULKNER—That is helpful. When did that briefing take place?

Mr Godfrey—I do not have the exact date. I think it was Friday, 7 August, if that was a Friday, but I have to find out that date.

Senator FAULKNER—What sorts of efforts are made at meetings like that to take a record of the sorts of concerns that a tenderer might have or the interplay between those seeking information and those providing information?

Mr Godfrey—That meeting was fully taped using the normal court process taping arrangements.

Senator FAULKNER—If you fully tape them, what do you do with the tapes?

Mr Godfrey—The tape is then transcribed. Our obligation is to provide and ensure that every tenderer receives all information. So, if a tenderer asks a question and it is not so specific to that tenderer, we provide the information to all of the tenderers. The meeting arose because the McMillan consortium had sent in some 70 pages of questions on production information. We provided the responses at the meeting to McMillan. We also provided a copy of our responses, following transcription, to the other three tenderers before the tender closed.

Senator FAULKNER—So of McMillan and the other three tenderers—you said there were four short-listed companies—only one, McMillan, attended the briefing. Therefore, there would be, effectively, something like a transcript of that briefing that would go to McMillan and the three others who were not present. Is that a fair comment?

Mr Godfrey—That is correct. I should add that all were invited. Only one attended.

Senator ROBERT RAY—Who attended?

Mr Godfrey—McMillan.

Senator ROBERT RAY—Was there a Mr Ron Hutchinson at that meeting?

Mr Godfrey—Mr Ron Hutchinson works for AGPS, and he was one of the technical advisers. He is responsible for the production of the *Hansard* area of AGPS.

Senator ROBERT RAY—So you are saying there is a transcript of this meeting?

Mr Godfrey—Yes.

Senator ROBERT RAY—Have you read the transcript?

Mr Godfrey—No.

Senator ROBERT RAY—It is just that I think you get a mention in it. That is all.

Mr Godfrey—No doubt I got several mentions. I hope they were all good, Senator.

Senator ROBERT RAY—I do not know that it is you, Mr Godfrey. One of the mentions comes from Mr Robert McMillan. Could you tell us the date when this occurred? That might be more relevant.

Mr Godfrey—I cannot remember. I think it was the Thursday before the tenders closed.

Senator FAULKNER—I thought you told me Friday, 7 August.

Mr Godfrey—It was Thursday or Friday, 7 August.

Senator FAULKNER—I jotted that down, but I might have—

Mr Godfrey—I have promised to get that exact date back to you. I was not involved when the evaluation team held the meeting.

Senator ROBERT RAY—I am sorry—I am getting a bit confused. I just want to check some dates. The final short list was announced when?

Mr Godfrey—The best and final offer went out on 28 July.

Senator ROBERT RAY—When was the short list of the three for the run off?

Mr Godfrey—When was the short list of the three first time around?

Senator ROBERT RAY—Yes.

Mr Godfrey—I have not got that date immediately available, but it was around the first week of May. I have the date here somewhere—

Senator ROBERT RAY—No, that is fine. It is back in May. Tenders for the three short-listed ones closed on what date?

Mr Godfrey—I think it was 26 May, but I will get that date as well.

Senator ROBERT RAY—I think we asked you earlier on whether you had had any contact with McMillan from 1 July to 22 July.

Mr Godfrey—Any meetings?

Senator ROBERT RAY—Yes.

Mr Godfrey—I had one telephone conversation with McMillan on 30 June advising that he was going to the Federal Court about half an hour before he actually lodged the Federal Court documents.

Senator ROBERT RAY—Subsequent to that you did not have any more conversations with McMillan?

Mr Godfrey—Not until after the 22nd.

Senator ROBERT RAY—Just going back to this transcribed meeting, what date was that on?

Mr Godfrey—It was Thursday or Friday, 7 August.

Senator ROBERT RAY—Why was McMillan there?

Mr Godfrey—They asked 70 pages of factual questions. We thought it was easier to respond to those questions with all tenderers present rather having to send out written responses. However, we then had to send out written responses because the other tenderers did not attend and we were still obligated to keep all tenderers informed of information that was provided.

Senator ROBERT RAY—So between the announcement of the decision that McMillan were back in the race, subject to negotiation, which was 22 July, through to this meeting on 7 August, did you have any meetings or conversations with Mr McMillan?

Mr Godfrey—Yes, we had a meeting where we negotiated the reopening provisions on Wednesday, 24 July.

Senator ROBERT RAY—I know it is a bit off beat. Does anyone who bids for work at government discretion and is a substantial donor to a political party have a requirement to identify that they are a donor to a political party in the tender documents?

Mr Godfrey—No, there is no requirement under our procurement guidelines. They are required to provide us with any information which may result in conflict of interest, but that, in my view, would not be covered.

Senator ROBERT RAY—It was not raised at any stage during the McMillan re-entry bid?

Mr Godfrey—Not to my knowledge, Senator.

Senator FAULKNER—That is it on that aspect, but I wanted to quickly ask about passports. As I understand it, the American Bank Note Australasia Pty Ltd, which trades under the name Leigh-Mardon, was the winner of the Australian passport production tender. What savings are expected as a result of this?

Mr Godfrey—We have not gone through the process of determining the savings that would be achieved through the process. There were six staff involved in the process and we declared those staff surplus as of yesterday. We will make a comparison in terms of the value we have for the sale of that part of the business with the costs of staff. In my view, it will be substantially in favour of the Commonwealth.

The tender provides for a 12-month fixed price contract to Foreign Affairs for the production of passports. The long-term effect would depend on what is then negotiated by Foreign Affairs for the ongoing production of passports. We will not be a party to that arrangement.

Senator FAULKNER—When you say ‘a 12-month fixed price’, what do you mean by ‘price’ in that sense?

Mr Godfrey—The cost of producing the passport, whether it was \$1.50 or \$2, we had that within the terms of the tender.

Senator FAULKNER—The contract itself is for how long?

Mr Godfrey—Twelve months.

Senator FAULKNER—The contract is for 12 months?

Mr Godfrey—Yes.

Senator FAULKNER—Obviously one of the concerns has been about the increase in the cost of passports. I think there have been a couple of increases—a \$6 increase and then a \$10 increase, from memory. I assume that that is subject to different government decision making processes, but I just want to be certain about that.

Mr Godfrey—That is a matter for the client—in this case the Department of Foreign Affairs and Trade. We were their production agency for the production of passports. I should say that a very small part of the overall cost of passports is in the printing and production side. But the actual amount charged for a passport is the responsibility of Foreign Affairs and Trade. We have not been a party to any of those price arrangements.

Senator FAULKNER—I appreciate that. But what does it now cost to print and produce a passport?

Mr Godfrey—Those figures have not been disclosed; they are commercial-in-confidence.

Senator FAULKNER—What sort of security measures were demanded under the tender documents here, because I would assume there were some significant security implications in passport production and the printing of passports?

Mr Godfrey—Yes, there were two separate security aspects. The first are the actual production security issues. We are required to have expertise and capacity on quality and timeliness, which is a security issue. Also the security of premises, including controlled receipt, use and disposal of all materials because there are security aspects of the paper and the laminates. There are also security issues in terms of technical specifications and production failure issues.

The second group of security aspects relates to what is best described as intellectual property. We have not transferred those security aspects to the new owner. They are now owned by the Commonwealth through DFAT and are not available for transfer. So the actual elements of a passport that are secure in an intellectual sense have not been transferred to the new owner.

Senator FAULKNER—These are going to be printed somewhere in Canberra, I gather.

Mr Godfrey—It is expected that they will be printed in Canberra. In the first instance, they will be printed at the existing site at Kingston.

Senator FAULKNER—Are Australian passports actually the property of the Australian government?

Mr Godfrey—That question would have to be addressed to Foreign Affairs.

Senator FAULKNER—I just thought it might be something that was dealt with in the tender documents.

Mr Godfrey—No, it was not dealt with in the tender documents.

Senator FAULKNER—Is American Bank Note Australasia Pty Ltd an American owned company?

Mr Godfrey—Yes.

Senator FAULKNER—Were there Australian contenders for passport production?

Mr Godfrey—Yes, there were.

Senator FAULKNER—How many companies were short-listed for passport production, Mr Godfrey?

Mr Godfrey—In terms of a formal short-listing, we went through a different process. There were three companies who satisfied the criterion of value for money who progressed to the next stage. In other words, we stopped doing work on the others rather than have a formal short-listing process.

Senator FAULKNER—Did it strike you, Minister, as being a bit odd that an American company is making Australian passports?

Senator Kemp—I notice that the production is in Canberra. I don't think there is any query about the process.

Senator FAULKNER—Most perspicacious of you; I had noted that about 10 minutes ago.

Senator Kemp—I am delighted you did.

Senator FAULKNER—I asked whether it struck you as a bit unusual that you had an American company making Australian passports.

Senator Kemp—I do not know what the practice is elsewhere. The officer has outlined the process. My understanding is that it was a fair process and that the staff which are being employed on this job are Australian.

Senator FAULKNER—Was that a consideration at all in the tender process, does anyone know?

Mr Godfrey—No, we did not have any specification that the company had to be Australian owned. We had the evaluation criteria based on value for money and the major criterion was meeting the highly specialised nature of the passport production.

Senator FAULKNER—Are we going to outsource the production of banknotes as well?

Mr Godfrey—I think that is a matter for Treasury and the banknote group rather than us.

Senator FAULKNER—I would have to agree with you, Mr Godfrey.

Senator MURRAY—Just a quick interjection, if I may: is there no provision in any government contract that you know of, especially your own, which requires the government to buy from an Australian company providing all other factors regarding quality and price are met?

Mr Godfrey—I think the answer is no, there is no Australian preference criterion—yes, that is confirmed.

Senator MURRAY—Is that a common practice with governments around the world? Would a Japanese, or a Korean, or an American, or a British or a German government follow that practice?

Mr Godfrey—No, there are different practices around the world with governments in respect of procurement but, as all of the governments are considering the world trade arrangements, I think it will become the norm.

Senator Kemp—Just before we can continue, I want to add to the question Senator Faulkner asked on whether it was unusual in relation to the printing of passports. Senator, there was a question which I think you put on notice on passport production.

Senator FAULKNER—Good question it was too.

Senator Kemp—Did you bother to read the answer?

Senator FAULKNER—You are going to tell us there is no inconsistency, aren't you?

Senator Kemp—Item 6 of it—this is just to assist you. You asked a question—

Senator FAULKNER—I have seen it, but by all means read it into the record. I can assure you that I have read it before.

Senator Kemp—In that case I am surprised at the question you asked me. The answer said that one private enterprise organisation produces passports for over 60 countries, including Britain and New Zealand, and that there are a number of other such enterprises.

Senator FAULKNER—I asked about Australian passports.

Senator MURRAY—Mr Godfrey, if you were faced in the tender process with two absolutely equivalent tenders and one was foreign and one was Australian, would you not be biased towards buying Australian even if it was not a prescription in your tender document?

Mr Godfrey—Senator, I would not be biased towards any tenderer in the evaluation of a tender document. We would then have to consider—if we got it to a stage of absolutely equal—whether there was some way of separating them, and the overall effect of the Commonwealth might then tip the advantage towards the Australian firm.

Senator MURRAY—You tell me it does not matter to you whether it is Australian or foreign?

Mr Godfrey—I think the process for evaluation of procurements is established on value for money. If it is not listed as one of those evaluation criteria, you have to divorce any personal views from that evaluation.

Senator MURRAY—I preceded my question by saying, 'If they were absolutely equivalent in terms of quality and price and any other consideration'.

Mr Godfrey—If they were absolutely equivalent, we would then look at areas that were outside of the evaluation that had brought us to that equal stage. We may consider the wider implications of effect on government, such as taxation payments, et cetera, which may be the separating factor.

Senator MURRAY—Would you or would you not, in an exactly equivalent situation, be biased towards an Australian company?

Mr Godfrey—I would not be biased towards any company.

Senator FAULKNER—Mr Godfrey, to be fair to you—I think this point ought to be made, Senator Murray—you are subject to government policy in relation to this, clearly?

Mr Godfrey—Correct.

Senator MURRAY—Let us ask the minister. Minister, if there is between two companies that are tendering an exact equivalence on quality and price and all other tender characteristics, would your government be biased towards the Australian company?

Senator Kemp—Of course, we are after value for money. As a former person involved in small business and with an interest in this area, you would understand that.

Senator MURRAY—I think you should describe me as a person formerly involved, not a former person involved.

Senator Kemp—People have particular views about politicians, Senator, but I make no reflection. The guidelines on industry development and government purchasing state that:

The Government's goal is to encourage and expand ANZ [Australian and New Zealand] industry's role in the global environment by promoting:

- . a competitive domestic environment for businesses;

.

In meeting this goal, agencies should:

.

- . recognise, in assessing value for money and whole of life costs, the commercial and practical advantages of doing business with competitive ANZ industry;
- . investigate ANZ industry capability and provide fair opportunity for suppliers to compete;

It is not a question of bias.

Senator MURRAY—Where there are two companies equivalent on quality and price and every other basis, would you as a government vote in favour of the Australian company?

Senator Kemp—It would have to fit within those guidelines.

Mr Godfrey—What I am saying is that on the evaluation criteria—it is most unlikely to get to your scenario of having both equal—you would take into account those aspects which the minister has just read out and which I referred to earlier. You would take into account the whole of life, which I would think would then advantage an Australian company over and above an international company. It is not a matter of bias; it is a matter of making the assessment of which company provides us with the best value for money. If those whole of life, which may not have been included specifically within the evaluation methodology, then tend to put the Australian company in front, the decision would be that that would be the best decision in that procurement issue.

Senator MURRAY—Mr Godfrey, the problem is—the answers from both you and the minister compound the problem—that the community thinks that it does not matter to government or government departments whether or not it is sold to a foreigner or an Australian company. If you go out there and ask them that, that is what they will tell you. If you answered unequivocally, 'All things being equal, we will give the business to an Australian company,' people would be satisfied. You have not answered on that basis, nor has the minister answered on that basis.

Senator Kemp—I think Mr Godfrey did answer it, to be quite frank, and he made it clear that under the guidelines you would recognise in assessing value for money the whole of life costs and the commercial and practical advantages of doing business with a competitive Australian and New Zealand industry. I think he has answered that. The guidelines specifically relate to encouraging an expanding Australian and New Zealand industry role in the global environment. This is what these purchasing guidelines specifically state, which guide government's policy.

Senator MURRAY—I have a letter with me which is not relevant to DAS but is from a company called Jtec, addressed to John Howard, Prime Minister. That is concerning a situation

exactly like this, where all things were equal. They were advised all things were equal. Telstra deliberately gave the business to a foreign company because they believed that that was in their long-term interests. Frankly, for me, that is unacceptable, providing value for money and all other criteria have been met.

Mr Godfrey—My response to that is that the guidelines the minister referred to do not apply to GBEs and therefore Telstra would not be covered with the position we had. The argument was—it has not changed with the change of government—that GBEs should be able to compete equally with the private sector, and there are no such binding rules on the private sector; therefore GBEs were excluded from these industry development and government purchasing guidelines.

Senator MURRAY—Senator Faulkner, sorry I interrupted your flow. Do you want to carry on?

Senator FAULKNER—Not in this subprogram.

Mr Godfrey—Mr Chairman, just to clarify one point on Enisand Pty Ltd: yes, AGPS did employ Enisand for the sum of \$2,527 for two days work on 6 and 7 December 1996. They provided a report—which I have to say I have not read—on the requests for proposals stage on whether it was possible to short-list some of those who had put in an RFP. I apologise; I was not aware of that beforehand.

Senator FAULKNER—I appreciate you providing that information for us, Mr Godfrey. Who are the principals of Enisand?

Mr Godfrey—I do not have that information. I have two dates, a report date, the name of the company and a figure. That is all I have; I am afraid I cannot progress it. I will have to take that on notice.

Senator FAULKNER—Would there be a conflict of interest if one of the principals of that company later emerged as a consultant or an adviser to one of the tenderers, in your view?

Mr Godfrey—No. I think I answered that question by saying that the RFT was an entirely fresh start where we structured it quite differently. In fact, the request for proposal was to take over the entire AGPS as a single unit. From reading those proposals, we decided it was a better business solution and likely to produce a better outcome if we split it into the five packages I referred to earlier. In my view, it is quite separate and there would not be any chance of a conflict of interest.

CHAIR—That concludes 1.8. As there are no questions on 1.9—Australian Operational Support Services—we will move on to 1.10.

Subprogram 1.10—DAS Centre for Environmental Management

Senator FAULKNER—I asked some questions on notice in the budget round about guarantees that you could give—I do not have a copy of that material in front of me—that an overseas company does not buy DASCEM so that they could then utilise halon collected in Australia on the overseas market or that a local organisation does not invest in DASCEM so they could export the halon that we are recovering here.

The response to that question was basically that it was commercial-in-confidence. I was disappointed that you could not do a bit better than that, particularly given that the minister has been lauding the role of the Commonwealth through DASCEM—I am sure not inappropriately at all—in ensuring that life on our planet does not continue to be threatened by halons. That is from a ‘Life after Halons Conference’ opening address speech by Mr Jull.

So I was disappointed—and I have just been handed the question on notice—that you could not do a little bit better than just a response:

The sale of DASCEM and the treatment of this matter is commercial-in-confidence.

Mr Mackay—Perhaps I could clear the matter up. I think there are two protections. Firstly, as a result of the way in which the tender process has gone, there is currently only one bidder in the race for DASCEM—and that is an Australian firm, so that deals with that issue. But in any event the sales contract will clearly be specific. In fact, I am sure there will be two contracts, a sales contract and a halon management contract, and the halon management contract will provide the protection you are talking about absolutely.

Senator FAULKNER—Thank you for that. That is helpful. So it is not commercial-in-confidence.

Mr Mackay—I am just looking for the area of our answer.

Senator FAULKNER—It is dated 4 June 1997, program 1.10—sale of DASCEM, question 4. The answer says that ‘the sale of DASCEM and the treatment of this matter is commercial-in-confidence’. No worries. Maybe it was then and it is not now. I think that it is useful to be able to give those sorts of assurances to the community, so thank you for it.

Senator Kemp—Before we continue, Senator Murray, I think it would be helpful if you obtained the *Commonwealth procurement guidelines*. There is a great deal in here about the encouragement of Australian industry.

Senator MURRAY—Could you arrange for a copy to be sent to me?

Senator Kemp—I will arrange for a clean copy to be passed to you. I think that you would read that and be considerably comforted. There is a high degree of emphasis on the encouragement of Australian industry.

Senator MURRAY—Thank you, Minister. Before we wrap this up—I am not sure who should answer the question—in the preparation of tender documents by DAS, is there a provision included which offers commercial-in-confidence protection to tenderers?

Mr Godfrey—The answer is yes. We clearly offered that to all tenderers. However, commercial-in-confidence issues do dissipate to some extent with the successful tenderer once we start implementing a proposal. The provisions surrounding the actual lodgment of the tender are in strictest confidence and there would not be any disclosure with subsequent tender documentation drawing upon some of that confidential information that had been provided. That is included in all Commonwealth tenders.

Senator MURRAY—It is obviously sensible for any tenderer to have confidentiality offered, but once you are through that process you are now in a contractual situation. Do you automatically offer commercial-in-confidence provisions in the contractual situation, or do you wait for the tenderer to ask for them?

Mr Godfrey—I do not think it is possible to give a broad statement about whether it is automatic or not. It would depend very much upon the tender that was being considered. But commercial-in-confidence protection, intellectual property protection and individual rights protection are the key features of our tender arrangements and they would normally be at the forefront of any discussion. If, as part of a procurement, they are a critical element in maintaining that company’s value for money situation, then we would guarantee protection.

Senator MURRAY—But isn’t it for the company to ask for it and not for you to offer it?

Mr Godfrey—No, in some ways it might be of value to the Commonwealth to have a protection as well, rather than just the company asking for it. We would, in the majority of instances, have both the company and the Commonwealth at a common end in regard to confidentiality.

Senator MURRAY—Let us use a practical example. Of what benefit is it to the Commonwealth for the price of a passport not being known? I can see the benefit to the company, but what benefit is there to the Commonwealth?

Mr Godfrey—I think in terms of the price it is a matter for Foreign Affairs as to whether they want to divulge how they establish their \$120 or whatever the exact price is for a passport. But I think there was an enormous advantage in having the security classification on both sides ‘Confidential’—in other words, what goes into the production of a passport and how we maintain security so that there are no passports floating around that have not followed the correct process for Australia’s protection.

Senator MURRAY—Mr Godfrey, any experienced business negotiator will say to you that you never offer to the other party anything which they do not want and need. The problem for the parliament is that agencies in government are using commercial-in-confidence widely now, to the detriment of parliamentary scrutiny. That is the reason I ask you whether you automatically offer it or wait until it is asked for.

Mr Godfrey—I think there are circumstances where we offer it, others where we ask for it and others that come as part of the tender process when it is in the best interests of both parties.

Senator MURRAY—Are there any guidelines provided to you or your officers on when you should offer it and how?

Mr Godfrey—I would have to take that on notice. Perhaps we could answer that when we get to the relevant clause on procurement. We can respond to you when we get to that section.

Senator MURRAY—I will take it on notice. You would not be aware of it, but the Senate has been exploring these issues in other forums, in other hearings and committees. It is emerging as a major problem, so I would appreciate your being able to more fully respond and indicate in what circumstances—

Mr Godfrey—All I will do in the response is draw you to the relevant terms and conditions of procurement contracts, which is clause 9. If when you have this volume there are any further issues that are not covered in chapter 9, clause 9 on confidentiality and privacy, then perhaps that is the best way to process it. It is covered there in some detail.

Senator MURRAY—As to how you train your officers when they offer it?

Mr Godfrey—That is a separate section on reaching procurement officers’ specification standards.

Senator MURRAY—I am not satisfied, but I will have a look and come back to you.

Senator Kemp—There have been some informal discussions about the timetable for the rest of the committee hearing. I am prepared to cut the lunch hour to half an hour. If that assists the committee to speed the journey, I am happy to do that. I understand we may aim to try to finish at three o’clock. If we could that, that would—

Senator FAULKNER—I said three to four.

Senator Kemp—I gave emphasis to the three, Senator. If we could—

Senator FAULKNER—I gave emphasis to—

Senator Kemp—It is not what I recall. I am happy to do that. My preference would be to break around 12.30, in that case.

CHAIR—Are senators happy about that? John?

Senator FAULKNER—I would have hoped that we might even get through 2.1, if we could. We could probably break at that point. I do not think it is that far away—it might be 10 or 20 minutes away. But if you—

Senator Kemp—My aim would be to get as close to 12.30 as we can, so why don't we see how we go?

CHAIR—Okay. That finishes 1.10. As there are no questions on 1.11, we will move on to 1.12.

Subprogram 1.12—Dasfleet

CHAIR—Are there any questions?

Senator FAULKNER—Yes. I have a question in relation to Dasfleet. With the converting of the existing MOU between Dasfleet and its Commonwealth public account customers into contracts between the new privately owned Dasfleet and CPA customers running for five years, I am interested to know whether in the sale you negotiated for the quarantining of costs as you did, say, for publishing services?

Mr Mackay—No, it was different from the publishing service in that the government made a decision that all the CPA clients would be tied for five years, and therefore it was a given.

Senator FAULKNER—Can CPA customers expect savings under this new arrangement?

Mr Mackay—I do not think they could expect any major difference one way or the other.

Senator FAULKNER—There were certainly legislative protections that the parliament assisted the government with.

Mr Mackay—Yes.

Senator FAULKNER—I think that passed just a couple of days before the sale, courtesy of non-government parties. Wouldn't that be the case?

Mr Mackay—Yes, that is right. In fact, there probably would have been cost increases had that legislation not been able to go through to protect the Z plates in particular.

Senator FAULKNER—Thank you for your kind comments about what occurred in the parliament. I did want to remind the minister, who is not here. We accelerated the legislation through the parliament. I raised a number of issues in my second reading speeches. I have not yet seen any response to those. I do not want to bog the committee down with it—it is really a matter for the minister. I suspect he is either not interested or not listening.

Senator Kemp—I am taking advice. I am happy to come back if you—

Senator FAULKNER—Would you be able to provide those, then?

Senator Kemp—I note that there are some matters that have not been responded to, and I will refer those to the minister and see what we can do.

Senator FAULKNER—If we can get a quick response on those I would appreciate it.

Senator Kemp—We always try to assist.

CHAIR—Thank you, Minister.

Senator FAULKNER—I do not know whether you do try to assist.

Senator Kemp—We always try to assist.

Senator FAULKNER—That is a worry. I was assuming that you were not trying. If you are trying, it is an even bigger worry.

Senator Kemp—We often do assist you, as you would have noted.

CHAIR—Any further questions on Dasfleet?

Senator MURRAY—Any further repartee?

CHAIR—That finishes Dasfleet.

Subprogram 1.13—Removals Australia

Senator FAULKNER—I wish to know what the current relationship is between DAS and Atlantis Relocations.

Mr Brown—We do not have any contractual arrangements with Atlantis at the moment.

Senator FAULKNER—I think we had a situation where there was a suspension of Commonwealth work with Atlantis. Is that right?

Mr Brown—There was a period when we were checking to make sure that they had conformed with the requirements to be on a panel that we have in place. We made that check and, on the information they provided, we were satisfied that they were meeting the requirements.

Senator FAULKNER—But currently the Commonwealth is doing no work with Atlantis; isn't that right?

Mr Brown—Not as of today.

Senator FAULKNER—Have you recently had any contractual arrangements with Atlantis?

Mr Brown—As far as Removals Australia is concerned, we have not allocated any significant work to them for some time. I am aware of a small job that is coming up in the future.

Senator FAULKNER—Is Removals Australia aware of the issues that were raised by my colleague Mr McMullan, the shadow minister for industrial relations, who wrote on these matters on 1 July and 24 July?

Mr Brown—Yes, we are.

Senator FAULKNER—I assume the minister will respond, but is there likely to be a response forthcoming from you to Mr McMullan?

Mr Godfrey—I understood that Minister Jull had responded, indicating that he had referred the matters on to the then Department of Industrial Relations as it was better handled in that area. To my knowledge, there is no outstanding correspondence to Minister Jull.

Senator FAULKNER—Can I ask if, at any time while Atlantis was supplying contracted removal services to the government, there was any shortfall in wages existing in respect of any employee?

Mr Brown—I do not have any information.

Senator FAULKNER—Could you take that on notice and provide the committee with an answer, please?

Mr Godfrey—I think there was information provided in the public forum, including information that was transacted between lawyers and Mr McMullan, in which he did indicate that there was a shortfall in payment to an employee or employees. But that is not in respect

of Removals Australia; it would be in respect of other Commonwealth agencies that are able to enter into contracts for removals under normal procurement arrangements.

Senator FAULKNER—Given that Mr McMullan has provided certain evidence to you—in fact he has raised publicly some of these issues—it might be best if you can taken them on notice for me and provide an appropriate answer. That might be a sensible way of dealing with this.

Senator Kemp—I may be able to provide some assistance to you on this matter.

Senator FAULKNER—It would break your duck, I suppose.

Senator Kemp—I have some advice from officers for you, if you would like to hear it. While the department is able to obtain assurances from providers that award conditions are being met, it does not have the authority to investigate the issue any further. The information provided with the allegations was referred to the Department of Workplace Relations and Small Business. The Department of Workplace Relations and Small Business has advised that it is not taking any action at this stage as the matter is subject to consideration by the Federal Court.

Senator FAULKNER—But it is Mr Jull who has been putting out press releases on all of this, isn't it?

Mr Godfrey—Yes, Minister Jull did issue a press release indicating that he had suspended Atlantis. A further press release was issued that indicated they had satisfied the requirements for his department, Removals Australia, but, post those initial press releases, to my knowledge there has been no subsequent action as the matter is now with the Minister for Workplace Relations and Small Business.

Senator FAULKNER—I will give you a couple of questions to take on notice. I will ask you to respond to them, and we will take it from there. I would like to know if at any time while Atlantis was supplying contracted removal services to the government any shortfall in wages existed in respect of any employee? If so, I would like to know how much was the shortfall, how many employees were involved, why the shortfall occurred, over what period the shortfall occurred and when it would be remedied. I would also like to know if it is the case that the shortfall actually allowed Atlantis to make bids for contracts with the government that were substantially lower than other removalists' bids in Canberra.

Senator Kemp—We will take those questions on notice. I think it will be very difficult to supply answers to a number of the questions, but we will see what we can do particularly in the light of my earlier comments on this issue.

Senator FAULKNER—Can you also obtain an assurance from the minister that the Commonwealth or the department will not condone this sort of work practice by continuing to do business with Atlantis Removals until such time as they can genuinely prove that they have reformed such pay and conditions. You might care to pass that question on to Mr Jull, who has said a significant amount about this in the public arena.

CHAIR—I think that finishes Removals Australia. Are there any questions on subprogram 1.14—Support Services? As there are no questions, I turn to program 2, subprogram 2.1—Domestic Property Group. Are there any questions?

Senator FAULKNER—Yes. Did you want to break now, Minister?

Senator Kemp—I would prefer it if we could break now.

Senator FAULKNER—We are up to date with the program.

Mr Godfrey—Mr Chairman, can I add some information now? Both Senator Faulkner and Senator Ray asked questions of the date of that meeting with Ron Hutchinson. It was 6 August which we videotaped.

Sitting suspended from 12.31 p.m. to 1.03 p.m.

Program 2—Government services

Subprogram 2.1—Domestic Property Group

CHAIR—Are there any questions on subprogram 2.1?

Senator ROBERT RAY—Can we have a summary of where we have got to between last time and this time in terms of property sales? I think you had a pretty large program last time we talked to you.

Mr Deegan—There are three phases that we have succeeded in since we last met with this committee. The first is that the sales that were announced in the previous year's budget have now been fulfilled, with the final cheques being put in the Reserve Bank yesterday. That has raised some \$80 million from the office of estate sales. We have pursued and completed a number of sales from the public interest estate and the special purpose and industrial estate.

The second phase is that we have extended the two-panel set-up to assist government in the sales process, with the extension of the property advisory panel and the sales panel made up chiefly of real estate agents. The third phase has been the appointment of Macquarie Bank as the private sector implementation team to take through the next tranche of major packages to be sold in this financial year.

Senator ROBERT RAY—Can you remind me of what some of those major packages intend to be?

Mr Deegan—They included the R.G. Casey Building here in Canberra, of which Foreign Affairs is a tenant. There are a number of buildings across the country. I will give you a list, if you like: the Edmund Barton Building here in Barton; Murray Street, Perth; the Alexander and Albemarle buildings in Woden; Jessie Street, Parramatta; Discovery House in Woden—and there are a couple of others that make up those packages.

Senator ROBERT RAY—Are you giving any property away?

Mr Deegan—To date, we have not given any property away.

Senator ROBERT RAY—It is not a philosophy of government that, just because someone wants it, you hand it over for nothing?

Mr Deegan—The approach that the government has taken is to seek commercial returns on each of the sales.

Senator ROBERT RAY—So all the land claims around Sydney really only affect Defence when they want it all for nothing, not you.

Mr Deegan—The properties that we have in Sydney are mainly office estate, and they are sold on a commercial basis. There are some public interest properties, including the Anzac rifle range, that have other issues associated with them and are not on the market as yet.

Senator ROBERT RAY—Where are we up to with the Anzac rifle range? That was deemed for sale in 1988, was it not?

Senator Kemp—You would have been the minister then, would you not, of admin services?

Senator ROBERT RAY—No, actually I was not. The property side, as Mr Mellors would well know, resided with the senior minister, not me, thank goodness.

Senator Kemp—Can we have an update for Senator Ray?

Mr Deegan—I have not had an opportunity to brief the minister at the table yet. There was a decision handed down last week that we received last night which supported the Commonwealth's position on vacation of that site by the rifle associations that are using that site. That is a matter that will need to be considered further by government.

Senator ROBERT RAY—You might like to go down and personally evict the rifle clubs, Minister.

Senator Kemp—Thank you for that advice. Could we make it bipartisan, do you think?

Senator ROBERT RAY—So you see some light at the end of the tunnel.

Mr Deegan—There have been a series of negotiations going on with the rifle associations, and they will be drawn to a conclusion.

Senator ROBERT RAY—Are there any plans for them to move to the Olympic range long term?

Mr Deegan—That is a proposal from the New South Wales government. Olympics issues are being dealt with as part of that process.

Senator ROBERT RAY—That was to have been at Holsworthy. I am not so sure it will be any longer, will it?

Mr Deegan—At the minister's request, we are talking to the rifle associations about an extension so that they can cover their period of training for the Olympics.

Senator ROBERT RAY—Minister, you would agree that, if they moved over to Holsworthy, trying to remove them after may delay other projects?

Senator Kemp—There are quite a number of issues implied in that question.

Senator ROBERT RAY—We have been through what you have sold and what you plan to look at this coming financial year. Do you expect these issues to be resolved and revenue to come in this financial year, or is this mostly in preparation for revenue the following financial year?

Mr Deegan—The government has announced a three-year process. So the buildings to be sold this year are intended to be sold in this financial year, with the money in the bank before June 30.

Senator FAULKNER—I just notice that on 24 June you appointed a number of additional members to the property advisory services panel. There was a press that went out. Knight Frank seemed to make a strong showing, and I think it was represented in every state. Was that just good luck or coincidence? What was the reason for that?

Mr Deegan—It was the quality of their tender in the tender evaluation process that was conducted independently. The panels were extended because there was a greater volume of work needed and a greater range of players to be involved.

Senator FAULKNER—Do you have much to do with Mr Baillieu?

Mr Deegan—I have not met Mr Baillieu. I have had no contact with Mr Baillieu. I am not sure whether he is still involved in the company or not.

Mr Mackay—I can now clarify an earlier question in relation to Mr Baillieu. The Knight Frank Price Waterhouse company which has bought Australian Property Group is a separate and independent entity from the two parent companies. It is run by a board consisting of two Knight Frank and two Price Waterhouse representatives. Knight Frank's board members are

Roy Woodhouse and Daryl Browning. Mr Baillieu, according to my advice, has never been on that board, nor has he had any involvement in the tender process for the sale of APG.

Senator FAULKNER—Thank you very much for that. That is very helpful. The reason for Knight Frank doing so well on the property advisory services panel is that in each state and territory I notice they head the list and that is just because of the skills they bring to bear.

Mr Deegan—Yes.

Mr Mellors—And the fact that they have a presence Australia wide which obviously has some advantages also.

Senator FAULKNER—Is it dependent on who the individuals are in each state and territory or are you making this judgment on the basis of the contribution the company as a whole can make?

Mr Deegan—The tender assessment considers both those items and the skills they bring, previous examples of their expertise and skills that have benefit in the sales process and their detailed understanding of the issues that have been before us. They were assessed as any of other panellists were.

Senator FAULKNER—So they have very skilful individuals in each state and territory?

Mr Deegan—That is correct.

Senator FAULKNER—That is good. Could I ask about an issue that we raised before—that is, the establishment of the trust fund for long-term and transitional funding arrangements for repair, maintenance and refurbishment of properties remaining in Commonwealth ownership. It was difficult at that time for you to provide a great deal of detail. I was interested in knowing whether you could provide me with some more information about how the fund would be set up and administered now.

Mr Deegan—I have a sheet of paper, which I can either read into the record or pass to members of the committee, which has the outline of how that trust account has been established.

Senator FAULKNER—I would be very happy if you tabled that. As you know, it is a matter that we canvassed at the last hearings and that would be useful. I appreciate you providing it to us. How many properties will be financed by the trust? How many properties will have rent contributing to the trust?

Mr Deegan—It states at the forth dot point 124 properties.

Senator FAULKNER—Is that a total in both categories? What is covered by this arrangement?

Mr Deegan—This deals with the buildings in the office portfolio.

Senator FAULKNER—Properties that are currently for sale—will they contribute rent until the time that they are sold?

Mr Deegan—Yes.

Senator FAULKNER—Does that mean we have a diminishing trust in a sense?

Mr Deegan—Over time the curve reduces.

Senator FAULKNER—Is there any information available yet in terms of a breakdown of the figures that were provided in the PBS for the value of the trust fund for this year and the out years? Having a quick look at this document, I do not think it covers it.

Mr Deegan—The final dot point at the bottom of the page indicates what proportions of funds will be built up into those different categories.

Senator FAULKNER—It does not deal with the out years though, does it?

Mr Deegan—That is just for that financial year. We have done out year figurings.

Senator FAULKNER—Could you take that on notice and provide it to us?

Mr Deegan—Yes.

Senator FAULKNER—Is the fund actually operational now?

Mr Deegan—It was established and operating from 1 July.

Senator FAULKNER—So it is operational.

Mr Deegan—Yes.

Senator FAULKNER—Have any projects been financed already or have you any projects that you propose to fund?

Mr Deegan—The process we have gone through with our private sector property managers is to prepare a set of building budgets for each of the buildings in the estate. Those building budgets are currently being analysed by the Department of Finance and we would hope to undertake works in the near future utilising trust account funds.

Senator FAULKNER—I do not know whether you saw an article in the *Canberra Times* about Australian Property Council figures for Canberra office vacancies. The figures basically doubled from, I think, 5.9 per cent last year to 10.3 per cent. I am interested in knowing whether you had any information available to us on vacancies in Commonwealth properties in Canberra.

Mr Deegan—Our minister provided a response as part of the PPQs of the vacancy figure as at 1 March 1997. I think it was in the order of seven per cent across the estate, not just Canberra but right across the country.

Senator ROBERT RAY—Could you repeat that? Seven per cent of Commonwealth property is vacant?

Mr Deegan—Seven per cent of Commonwealth owned space that the Department of Administrative Services administer was vacant as at 1 March 1997.

Senator ROBERT RAY—I can remember former Senator Michael Baume going absolutely berko when 1½ per cent was vacant. That was the end of the world. I am surprised at that figure. Can we have an update?

Mr Deegan—Excluding properties under refurbishment, as we did in preparing the March figures, the vacancy rate as at 30 June 1997 across the estate was 10.8 per cent.

Senator FAULKNER—When you say ‘across the estate’ you mean across properties nationally.

Mr Deegan—Across the office estate nationally.

Senator FAULKNER—Thank you. That is a helpful figure. But can you tell me what the situation is in the ACT?

Mr Deegan—The figure that I have in front of me includes some buildings that are currently being refurbished, so I would need to take that on notice and come back to you.

Senator ROBERT RAY—What is the figure before you take out the refurbishment?

Mr Deegan—The figure including those buildings that are currently being refurbished or left are 17 per cent. That includes buildings like the Administrative Building that is vacated and is being refurbished, which is 40,000 metres. We will have to come back with the right figure for you.

Senator FAULKNER—There was an article in the *BRW* on 14 July entitled ‘Would you buy a one-owner building from this government?’ I do not know whether you have seen the article.

Mr Deegan—I have seen the article.

Senator FAULKNER—The article basically maintains that many of the properties, particularly those in regional centres, are let on relatively short-term leases to government tenants and those of those government tenants, according to this article, are not in a position to renew. I will not make the obvious political point, Minister, that that is because of the hatchet job that has been done by the government, but let me put that aside.

Senator Kemp—I am glad you did not make a political point, Senator.

Senator FAULKNER—The substantive issue there is about short-term tenancies, if you like, and the possibility that many of them are not likely to renew. Is that fundamentally an accurate picture?

Mr Mellors—Before Mr Deegan responds, I think I should point out that for many years there were no formal tenancy arrangements between my department and tenants in Commonwealth owned buildings at all in any binding or formal sense. So I guess in that sense for many years a department could walk out of a building in a regional centre maybe with one month’s notice and we would have had to deal with the ensuing problem. What has been going on over the last 12 to 15 months is that process we discussed last time of tying down agencies to far more formal tenancy conditions.

The picture across the estate whether it be in regional centres or elsewhere is that the terms we have now, far more formally negotiated with agencies, vary building by building and agency by agency. I think it is very difficult to generalise about the situation in regional Australia. I certainly would not have generalised or would not wish to generalise about it in the terms that the *BRW* article you referred to did.

Senator FAULKNER—I see. But there is a bit of a spectre raised here of empty and decaying office blocks in these regional centres. You do not think that is right?

Mr Deegan—Most of the buildings in the regional centres are in reasonably good shape—

Senator FAULKNER—So they are not decaying. Let me take out decaying as an adjective and I will say empty.

Mr Deegan—Some of the leases, for example, with Department of Employment, Education, Training and Youth Affairs, may subsequently be taken up by the new CSDA agency. There is a host of government issues still to be resolved about those tenancies, so I do not think they would be considered as empty into the future, and they should attract other tenants. There seems to be reasonable interest, given the quality of the buildings in some of those regional centres.

Mr Mackay—I think the simple fact is that selling these buildings is no different from the private sector selling buildings. There are leases in place and that is what you are selling. You are selling the bricks and mortar plus the leases that are in place, and it is up to the buyer to make an assessment of what might happen when those leases expire.

Senator FAULKNER—As I understand the figures that are in the public arena about the likely gain from the sale of Commonwealth buildings, a much vaunted figure is about \$800 million. Is that still pretty accurate?

Mr Mackay—Yes.

Senator FAULKNER—Can you be more accurate? I appreciate that it is difficult to be precise.

Mr Mackay—That is based on our last set of valuations, at the time we recommended to government. I am sure some individual buildings will have gone up by the time they come on the market and some will have gone down.

Mr Mellors—There is also obviously some degree of reticence about moving from the broad aggregates to specific buildings because we are looking to get the best deal for the taxpayer.

Senator FAULKNER—I do appreciate that. Can I ask if there have been estimates prepared as to the value of rents to be paid by the Commonwealth in either renting back those properties or renting new properties?

Mr Mellors—At the time the divestment strategy was put together, some broad brush figuring was done about the extent to which payments to the private sector, as opposed to payments washing around the public account, would grow as a result of decisions to sell. I do not have those figures with me.

Senator ROBERT RAY—Who did the calculations?

Mr Mellors—I think they essentially came out of the work of the domestic property task force that was working in mid-1996. Subsequently, the Commonwealth Property Committee, from memory, referred to some of those numbers in one of its reports.

Senator ROBERT RAY—Clearly, the most critical part of the analysis in the whole program of divestment is to work out whether the return on sale of these buildings is going to be eaten away with increasing rents in the future, to make it a poor decision.

Mr Mellors—I think we might be at cross-purposes. There are two levels of assessment. One is the assessment building by building. That is absolutely fundamental to any financial test about whether one should retain or sell an individual building. The second order of calculation is a far more macro calculation across the entire estate.

Senator FAULKNER—With the macro calculation, the figure of \$800 million is banded around a great deal. The figures in terms of the value of the rents that would have to be paid by the Commonwealth are not figures we hear much about, and that is what I am interested in exploring with you. In terms of the macro picture, to use your words, could you give me some information about this? I would be surprised if the government, in looking at its policy approach on this issue and the savings figure that has been established—approximately \$800 million, which we all know about—would not also be looking at the costs that are incurred in the sale of buildings, given that that space will have to be rented. I think it is a reasonable question for us to ask here in terms of the DAS estimates.

Mr Mellors—Certainly. I believe—and Mr Godfrey might be able to correct me on this—that the report of the domestic property task force did in fact include some of those broad brush estimates and, of course, that report was released publicly, from my recollection.

Senator FAULKNER—Could you tell us what was in it?

Mr Godfrey—I did not come prepared for this question. Yes, there is a table in there, where I attempted to give a 10-year span based on our estimated valuation of buildings and what

the rents were, given certain factors such as inflation and how that would move with property rises from the sale purpose and also from rent rises. So there was a table included in the report which gives that 10-year horizon indicating the return to government, the investment of those funds and what is then missed out in terms of revenue from the rents. What the report did not do, because it was not possible to make a clear assessment, was to indicate what capital injection would be used to maintain those buildings at grade B standards for maintaining the rental streams. What we used was a net rental figure to take that into account. So there was a very clear assumption on capital injection in that table.

Senator ROBERT RAY—You were able to project the inflation rate for the next 10 years in those calculations?

Mr Godfrey—No, we used an assumed inflation rate. It was not intended to be anything more than an economic analysis figure on which you could look at both sides of the equation. Because inflation had a similar effect on rentals as opposed to capital values, it probably negated itself.

Senator ROBERT RAY—So it is quite proper for the Department of Administrative Services, in terms of its future projections, to assume an inflation rate on the best available information?

Mr Godfrey—That is what was done, Senator.

Senator ROBERT RAY—But that is the normal process and it is quite proper, isn't it?

Mr Godfrey—Yes.

Senator ROBERT RAY—Thank you.

Mr Mellors—If I could round out, and we would be happy to make this available to you now, paragraph 66 of the property task force report—

Senator FAULKNER—Page 66?

Mr Mellors—No. Paragraph 66 on page 16 has the estimates that Mr Godfrey referred to.

Senator FAULKNER—What is it, Mr Mellors?

Mr Mellors—It is a reasonably complicated table, Senator.

Senator FAULKNER—Why don't we get it photocopied.

Mr Mellors—Happily.

Senator FAULKNER—Do you mind tabling it then? It is a public document.

Mr Mellors—It is a public document, yes.

Senator FAULKNER—Why don't we get it tabled and that will save you the hassle. Where is the crossover point? At what point do you expect the cost of the rent to offset the \$800 million that is short-term cash windfall?

Mr Mellors—Somewhere between year seven and 10.

Senator ROBERT RAY—It is a bit similar to the sorts of calculations you would do in relation to a lifelong pension or a lump sum payment. This is the sort of methodology. It is obviously not identical.

Mr Mellors—There are two critical elements in an assumption as to whether it is economically sensible to hold or divest. One is the discount rate that you apply to future income streams as opposed to money today. Secondly, as part of that, there is the premium or allowance you wish to make in the setting of that discount rate for some element of risk

as compared with the simple cost of borrowing against the long-term Commonwealth bond rate.

Senator ROBERT RAY—Is the obverse side of that in the calculations that you would also, if the money was used to retire public debt, take into account the savings on interest payments on public debt?

Mr Mellors—That is the long-term Commonwealth bond rate element of the discount factor, but there is also a risk question since the Commonwealth as owner is just as exposed to risks of wrong investment decisions in its own estate as any private sector owner of real estate is. The mere fact that the Commonwealth's payments over time of rent to the private sector are going to rise is really not the issue. The issue is: how does one trade off money now as against those outlays in the future?

Senator FAULKNER—The \$800 million is how many buildings again?

Mr Mackay—Fifty-seven.

Senator FAULKNER—Do you have figures available now as to how many of those 57 buildings the Commonwealth will need to rent back office space?

Mr Mackay—I think in all of them.

Senator FAULKNER—In all of them?

Mr Mackay—Yes, but the amount would vary substantially from one building to another.

Senator FAULKNER—I appreciate that. I am surprised that it is all the buildings, Mr Mackay.

Mr Mackay—I cannot think of too many where that would not occur.

Senator ROBERT RAY—The fact is that if you had buildings with Commonwealth tenants you probably would not be selling them, would you?

Mr Mackay—That is right.

Senator FAULKNER—So there are 57 buildings and 57 buildings where you would be renting back office space. I assume the Domestic Property Group would be assisting government departments. Can you explain to me the process a government department which is currently occupying office space in one of these 57 buildings will use and your involvement, if any, in the rent back process?

Mr Mackay—It would be exactly the same as if they were in a private sector building. They have all been signed up to a commercial style lease. When the building is sold, just as if a building in the private sector which they occupy is sold, they will have a new landlord.

Senator ROBERT RAY—Isn't the difference though that you have required them to all sign up by a certain date?

Mr Mackay—Yes, we did.

Senator ROBERT RAY—Wasn't some date in March mentioned?

Mr Mellors—We required them to go on the same basis in terms of their leasing of space from us, broadly speaking, as they have been doing. Ever since they started leasing space from the private sector they have been required to sign leases with the private sector.

Senator ROBERT RAY—It is not quite the same as commercial tenants. They do not all sign up on the same day. They are often played one off against the other.

Mr Mellors—As I said earlier, for a number of years the tenancy arrangements between DAS and its tenants were extremely loose. Given the strategic decisions taken about the future management of the estate, it was necessary to bring matters to a head by setting some timetable for them to go on very similar sorts of leases that they already enter into with private sector landlords.

Senator ROBERT RAY—They had alternatives if they wanted to move out and go to another building, didn't they?

Mr Mellors—There was a process of negotiation when it came to requiring them to sign up by a certain time, yes. Outside of Canberra, agencies have had for some considerable years freedom of choice as to whether they rent from the private sector or a Commonwealth building.

Senator ROBERT RAY—The only point about freedom of choice is that they did not have freedom of choice on time. Any smart departmental agency may have had even a small guess at the fact that rentals would come down here as more public servants are purged and more space is available because it is occupied by fewer people.

Mr Mellors—That is true except they had freedom of choice over time going right back to 1990 when the first steps were made to put the Commonwealth office estate on a commercial basis. They certainly exercised that freedom of choice because after five years we had only signed up about one-quarter of them.

Senator ROBERT RAY—In relation to all these agencies that came in and signed up by 14 or 15 March, what was the normal time of the lease that they were committing themselves to?

Mr Mellors—I think we have some figures on the average term.

Mr Deegan—The average is in the order of five years.

Senator ROBERT RAY—So when you are selling off a building, they have certainty with tenants for five years?

Mr Deegan—There is a mix of those tenancies in each building, which makes it more attractive in some senses for a private sector investor, depending on its location. If you had it locked in just for a short period, it would not be worth much. If it is a long period, you would not get a chance to do the remix that some of the owners would. So it works both ways.

Senator FAULKNER—If I read that correctly, I gather the cumulative impact on cash flows is minus a quarter of a billion dollars by the year 2005 or 2006.

Mr Deegan—The only disadvantage, Senator, is that we have tabled our only copy. We will get that back.

Mr Mellors—That particular set of assumptions over a 10-year period suggested that our net outflows would rise to \$245 million, yes.

Senator ROBERT RAY—Have you discounted for risk there or not?

Mr Mellors—No, the assumption there was using a 12 per cent discount rate which would have, relative to the long-term bond rate of something much less than that, a margin of risk in it. In fact, the threshold that we have used is slightly higher than that.

Senator FAULKNER—On the basis of this table, I understand the set of underlying assumptions qualifying the figures that appear here led you to answer the question to me about the crossover point being 2003 or 2004 on this particular set of assumptions.

Mr Mellors—Yes, on that particular set of assumptions.

Senator FAULKNER—Have you modelled other assumptions? You have published these. I assume that is because it is a best guess, is it?

Mr Mellors—The major variation that has been brought to bear is that we have applied a slightly higher discount rate in our evaluation of individual buildings. That is to say, we have placed a slightly higher premium on money today versus money tomorrow.

Senator FAULKNER—Would you insinuate then that this might be a worst-case scenario in that sense?

Mr Mellors—Senator, I do not really think it is a question of worst case or best case; it is a question of judgment about trade-offs between outlays in the future versus outlays today, or receipts today versus outlays in the future. What we have sought to do and what the government has sought to do is apply that trade-off in a way that reflects two things: firstly, the risks entailed in continuing to hold these buildings in Commonwealth ownership, particularly in an environment where there is massive change within the federal public sector and, secondly, a view that in broad policy terms ownership of property is not the core business of the Commonwealth government.

Senator FAULKNER—You have indicated this is the modelling or the set of assumptions and the model based upon them that you have published. There are others that you have undertaken or established that are not published. Is that right?

Mr Mellors—I would have to check with my colleagues. I think there was some updating of the figuring, yes.

Senator FAULKNER—Some updating?

Mr Mellors—Sorry, remodelling as the government moves further down the track of finalising its strategy.

Senator FAULKNER—Sorry, I misunderstood you. You mean that you have a more contemporary table based on the same assumptions than the one that appears in this public report?

Mr Mellors—I may have to take this question on notice. I do recall that the Commonwealth Property Committee's second report to government included some subsequent numbers about the impacts on future outlays of rent to the private sector, but I must confess I do not exactly recall the basis on which those numbers were done. They certainly would have been done employing a higher threshold rate, because that was the basis on which we did our modelling of individual buildings. One can add all the numbers up at the end of the day, but the really critical thing from the Commonwealth Property Committee's point of view was the modelling that was done on individual buildings, where it was possible to be a lot more precise about tenancy arrangements and refurbishment requirements and so on.

Senator FAULKNER—Yes, but the task force does not really mince words in para 67, does it? It says that, on balance, it notes that significant short-term budgetary benefits can be enjoyed and so on. That does not really mince any words there, does it?

Mr Mellors—No, I guess not, Senator—and I do not want to open up a broad area of debate—but it is no different from the debate of whether one should sell a share in a government airline and forgo future dividends in return for an up-front injection to the budget. It is an assessment one does at the time, using the best assumptions at the time, about what money is worth to the government now and in the future.

Mr Deegan—We were asked earlier this morning for a copy of the Commonwealth tenants lease, which I will table now.

CHAIR—Thank you.

Senator FAULKNER—Before we move on, I wanted to ask this: does the trust fund apply to the overseas properties too?

Mr Mackay—No.

Senator FAULKNER—I might place some questions on notice. I assume that we have a situation where there is a separate trust fund for overseas properties; is that right?

Mr Mackay—That is correct. We are establishing one at the moment.

Senator FAULKNER—Just so I understand, is that at the same level of development as the one we have been discussing?

Mr Mackay—I would prefer to take that on notice, if you would not mind.

Mr Mellors—I think we probably should, but I think the answer in part is: no, it is not quite the same development because 1997-98 is really the first year in which we are trialling a user-pays basis for management of a lot of the overseas estate. While the broad ground rules for that are very similar to the way the domestic trust account is operated, I do not think the system will be fully bedded down until 1998-99.

Senator FAULKNER—Taking that into account, I might have a look at Mr Mellors's comments in the *Hansard* and, if I feel it is appropriate, place a couple of questions on notice about the overseas property trust fund.

CHAIR—There being no questions on subprogram 2.2, we will now turn to subprogram 2.4.

Subprogram 2.4—Ministerial and parliamentary services

CHAIR—First of all, are there any general questions on subprogram 2.4 before we get down to 2.4.1 and 2.4.2?

Senator ROBERT RAY—Since we have last spoken, you have received the Baxter report and it has gone to government for a decision?

Mr Semmens—Yes, we have. In fact, the minister announced the outcome of that decision some time ago. I think on 15 June he outlined the outcome of what was seen as the examination of the Baxter report and a number of other measures which the government took on board to strengthen the accountability of entitlements.

Senator ROBERT RAY—Where did he do that?

Mr Semmens—He issued a press statement, as I recall it, on Sunday, 15 June. I understand also that it was covered in the house a day or so later.

Senator ROBERT RAY—So all government decisions on the Baxter report are basically made?

Mr Semmens—The government decisions are, I believe, yes.

Senator ROBERT RAY—Where does that fit into the Coopers and Lybrand report? That was a more general one, was it?

Mr Semmens—Coopers and Lybrand is a more machinery orientated review. I expect to have their report today. It is focused far more on the systems that we have that underpin the management report that you get every month. It deals with the reliability of data, the extent to which that report might be enhanced and made more useful as an accountability tool, and a number of things like that. It is really underpinning the data that we use to provide you with reports on the use of entitlements.

Senator ROBERT RAY—Do you anticipate any conclusions out of that report having an impact on matters of principle that are to be implemented out of the Baxter report?

Mr Semmens—No, before Coopers and Lybrand did their final report, they knew what Baxter had recommended and, more importantly, they knew what the government decided to do in terms of the administration of travelling allowance and were able to take that on board in their own analysis and recommendations. So you will find that Coopers and Lybrand's recommendations and analysis are complementary to the more global picture, the bigger picture, that the government agreed to in terms of the administration of entitlements. This is the underpinning machinery for making that happen.

Senator ROBERT RAY—So at the moment the position is: the government has announced its intended policy, but it has to now wait on the views expressed by the parliament—is it just the Senate or the House of Representatives as well?

Mr Semmens—We are waiting for it to go through the process of the Senate Standing Committee on Appropriations and Staffing by virtue of Senate resolution.

Senator ROBERT RAY—There is no similar resolution of the House of Representatives?

Mr Semmens—There is nothing similar at all so the only thing that is awaiting there is not to pre-empt on the other side something that might be considered by the Senate.

Senator ROBERT RAY—But you would still get a response from the Speaker on this matter, probably post the Senate resolution.

Mr Semmens—There has been communication with both Presiding Officers, yes.

Senator ROBERT RAY—So you cannot give up a start date because no-one could ever predict when the Senate would resolve anything.

Mr Semmens—I would not put it that way. I think what we have been careful of late not to do is pre-empt a Senate decision.

Senator ROBERT RAY—Minister, we might be in a better position to go into the detail of the Baxter report at the additional estimates because a copy is not generally available at this stage. It will have, I hope, progressed or otherwise through the staffing and appropriations committee by October and we can probably return to examine not so much the principles but the detail.

Mr Semmens—Baxter was just one means of getting to a decision. The decision taken by the government went beyond Baxter. I think we are really dealing here with what the government has decided to do rather than what Baxter may have written.

Senator ROBERT RAY—So what you are really saying is that the government decisions were influenced but not totally dependent on Baxter.

Mr Semmens—Absolutely.

Senator ROBERT RAY—Baxter did not go and talk to the various people about certain matters, but that did not necessarily exclude you from making decisions on it.

Mr Semmens—I think the government took decisions in light of reviews expressed in this forum, other issues at the time and Baxter, of course.

Senator ROBERT RAY—I have nothing more on Baxter. How are you going on the timing of the publication of office holders' travel allowance, Comcar expenses and like matters?

Mr Semmens—Not badly, Senator.

Senator ROBERT RAY—Will it be in August?

Mr Semmens—It could be in August, but it is more likely to be early September. As you know, part of the process once you have got the aggregated report is to run it past the office holders whose details are being published. We are very close to having finished that and, while the deadline is virtually there, we would expect that we are talking about a few weeks.

Senator ROBERT RAY—Is there any thought of liaising with the House of Representatives and the Senate? I know that the Senate, and I assume the House of Representatives, will release other payments at the same time, in other words, to non-office holders, to have them all out on the same day. I think you could see the advantage and the disadvantage in that.

Mr Semmens—We are focused here on what our obligations have been, and we have discussed those. We have not gone to the two houses. The government, of course, has committed itself to publishing details of all travel on a six-monthly basis. If one looks at that six months from the last time details were published—they were mainly TA—that would see the next round of publication, forgetting about what we are talking about now, at the end of this year or thereabouts.

Senator ROBERT RAY—So this coming figure in August will be a 12-monthly figure?

Mr Semmens—For the last financial year.

Senator ROBERT RAY—Did you say that in December you will have six-monthly figures?

Mr Semmens—The government has committed itself to six-monthly reporting—

Senator ROBERT RAY—They are more likely to come out in February, aren't they? You have got to wait until the end of December to get six months.

Mr Semmens—We are hoping it will not be February, but there may be some lag in that, because there will have to be some checks.

Senator ROBERT RAY—Minister, you might take on the suggestion and pass on to the DAS minister that it is probably not a bad idea to release office holder figures, which mostly affect your colleagues, and the House of Representatives and the Senate figures, at the same time.

Senator Kemp—I will certainly pass those comments on. Minister Jull will undoubtedly read the proceedings from the estimates hearings with interest. I will reinforce that.

Senator ROBERT RAY—Finally, I raised this question last time and I am sure you responded affirmatively, but I did remind the Senate people, so I will remind you: is it possible in the publication of those figures to make them for the financial year? That is, if there is a hangover from the previous financial year, publish them separately so that they are not aggregated together and subject to misrepresentation because of the size. They are in a different financial year, and some people just look at the growth figures.

Mr Semmens—I think you will find that when they are published your concerns will be addressed. It is basically for last financial year, but there will be some expenditure from the previous financial year brought to account last year. That will show itself. There will be some expenditure for travel for this financial year incurred at the end of last financial year. That is also accommodated. I think you will find the kinds of qualifications you are looking for easily explained.

Senator ROBERT RAY—I am just suggesting that 1996-97 be in one column.

Mr Semmens—It is.

Senator ROBERT RAY—Not that 1996-97 and others be in a column with a couple of little footnotes that no-one ever reads.

Mr Semmens—I think you will find that what comes out will be what you are looking for.

Senator ROBERT RAY—I move on to a matter we flagged and did not cover last time in detail, because we were still at a sensitive stage of tendering; that is, the new travel arrangements for senators and members. I understand the government has signed a contract with Jetset Tours Pty Ltd to start these services on 15 September. Is that right?

Mr Semmens—That is right.

Senator ROBERT RAY—These services are for senators, members and staff—all MOPS people. Do they also include opportunity for, say, Senate staff and others to tap into this service?

Mr Semmens—It is not intended to go that far, no. It covers all the entitlees that we administer.

Senator ROBERT RAY—So there is no anticipation of any piggybacking?

Mr Semmens—No, it was not written with that in mind. The Department of the Senate and the Department of the House of Representatives, for instance, have their own travel provider arrangements. We have sought here quite directly to cover those entitlees administered through DAS.

Senator ROBERT RAY—So here we are dealing with about 1,200 people?

Mr Semmens—About that.

Senator ROBERT RAY—The way the contract is written, it does not affect any entitlements set down by the Remuneration Tribunal?

Mr Semmens—Absolutely none. After all, it must be able to facilitate those. They are a given. What it does do is ensure that the choice of airline remains and that the shuttle service is unaffected. They are things which have been of concern to senators and members while this has been negotiated, and those things still remain.

Senator ROBERT RAY—So you have really made a decision on airline at this stage and have saved at least a million dollars, projected in your budget?

Mr Semmens—We have made a decision not on airline but on the provider.

Senator ROBERT RAY—Air travel.

Mr Semmens—Air travel. That will produce about one and a half million dollars a year in savings beyond any savings that the parliamentary departments might want to make in terms of how they reconfigure or otherwise the transport offices. That is totally up to them, of course.

Senator ROBERT RAY—That is a decision that they have to make.

Mr Semmens—It is totally their decision. This is not meant to intrude or anything else; that is their decision.

Senator ROBERT RAY—Your understanding is that the Senate and House of Representatives transport offices continue to operate the shuttle and if there is any deficiency in terms of their workload because they no longer do airline bookings that is up to the two departments to rectify?

Mr Semmens—That is right.

Senator ROBERT RAY—Has there been any change in all these negotiations to frequent flier points?

Mr Semmens—No.

Senator ROBERT RAY—You were not able to negotiate or absorb or otherwise?

Mr Semmens—Unfortunately, the airlines just would not play ball.

Senator FAULKNER—How about my suggestion?

Mr Semmens—I thought that was very good, Senator, but it would not work.

Senator FAULKNER—You could not convince Mr Jull?

Mr Semmens—You are a very good advocate, but not on this occasion.

Senator ROBERT RAY—I read here that they are going to set up here in Parliament House. Do you know where that will be?

Mr Semmens—Yes, in both transport office locations, so they will be adjacent to the transport office people.

Senator ROBERT RAY—They will both share the same office?

Mr Semmens—In a kind of way. They will be paying rent and all that kind of stuff and having their own fittings. Rather than be located where Qantas has been in the centre here, Clerk Barlin, when he was here, thought that we would be better off having the contractor located where the action is.

Senator FAULKNER—You said that the contractors will pay rent?

Mr Semmens—Yes, as set, I think, by the Joint House Department. All those things are being dealt with as a normal commercial arrangement.

Senator ROBERT RAY—Presumably, in the bedding-in period, they will have the transport officers there to show them some of the ropes?

Mr Semmens—They can always do that. I do not know whether the transport officers can do too much. They never got into the Qantas side of things, for instance, in terms of bookings. But certainly we would expect the bedding in to see a degree of harmony develop between the transport officers who remain and the contractor.

Senator ROBERT RAY—So those who are compulsive organisers and have booked all their air fares in advance now, just because that is in their nature, do not have to worry, but straight after the 14th—

Mr Semmens—Once you get to midnight on the 14th we are into the new deal.

Senator ROBERT RAY—With regard to the picking up of tickets: it is all very well to book them through here, but will people be able to pick up the physical tickets here?

Mr Semmens—They can be picked up here, Senator, or at the airport, or they can be mailed to the electorate office.

Senator ROBERT RAY—Now can I ask an extremely self-interested question. Can they be picked up from Jetset's Melbourne headquarters, which is 30 metres from my office?

Mr Semmens—I expect so, but can we just confirm that and get back to you.

Senator FAULKNER—Imagine the impact on Senator Ray's lifestyle when he gets across this e-ticket.

CHAIR—I was just going to ask why you need the ticket.

Senator ROBERT RAY—I understand that we are moving to electronic—and that's good. It is just hopeless. I do not know if Senator Kemp has ever experienced that.

Senator Kemp—I have stood with you in queues, if I remember rightly.

Senator ROBERT RAY—Not to pick up tickets, you haven't. I have not done that for years. That can be a problem, because then you are in two sets of queues.

Mr Semmens—Senator, there will be a number of things like that which come to mind as we get closer to the time. There will be a fair education process which goes with the bedding in of this contract.

Senator ROBERT RAY—I notice that you have established a customer forum to exchange views if there are any difficulties. Could you just outline what that is.

Mr Semmens—I would not quite put it that way, Senator. I think the minister has proposed a customer forum to the two Presiding Officers and has asked them for nominees. But I would not see it as just being a negative thing. I think it is a matter of addressing the issues—both good and bad—that come up with the implementation of the contract.

Senator ROBERT RAY—I will have \$5 with you that it raises only negative issues.

Mr Semmens—You might be right.

Senator ROBERT RAY—All I can say is that progress has been made here. There were concerns around about aspects of it, but I think they will evaporate fairly quickly.

Senator FAULKNER—Could I ask about the Government Members Secretariat, which we canvassed at the last estimates hearing. I appreciate the answers that were given to questions on notice asked by Senator Ray and me. There was a written answer to Senator Ray's question in relation to the ministerial offices of the Prime Minister and Minister for Foreign Affairs being where those members of the secretariat were located in Sydney and Adelaide—it was in those offices. Could you indicate to the committee which of the individual staff are based in the Prime Minister's office in Sydney and which are based in the office of the Minister for Foreign Affairs in Adelaide?

Mr Peel—A Keith Blyth is located in the Adelaide office and an Aileen Weissner in the Sydney office.

Senator FAULKNER—Thank you. Can explain why these two members of staff are in Sydney and Adelaide.

Mr Peel—It is not a matter that I think the department can comment on, Senator.

Senator FAULKNER—I see. I wondered if there was an outreach program or something being conducted by the Government Members Secretariat and, if there was, why not have an office in Melbourne.

Senator ROBERT RAY—You would have to share it with Reith.

Senator FAULKNER—That could be a reason. The other possibility, I suppose, Senator Ray, is that backbenchers do not need training and support in Melbourne. Perhaps the minister could assist us on this one.

Senator Kemp—I do not know if I can add anything more.

Senator FAULKNER—Oh, yes you can, I think.

Senator ROBERT RAY—Just follow your instructions.

Senator Kemp—My understanding is that when they were appointed there there was an agreement that that would be their home base.

Senator ROBERT RAY—Is that agreement based on their personal wishes or the need of the job?

Senator Kemp—Of course, the government would always take into account the need of the job.

Senator ROBERT RAY—Would they? So there is a greater need. There are some much more incompetent backbenchers in Sydney and Adelaide than there are in Melbourne?

Senator Kemp—I won't respond to the provocative comments.

Senator ROBERT RAY—It is the only conclusion you can come to.

Senator FAULKNER—I noticed that Ms Dawn Crosby was on the list that was provided in answer to Senator Ray's question. I read in a recent book that she is Director of the ACT Branch of the Liberal Party. Would she still hold that position concurrently with being on the staff of the Government Members Secretariat?

Senator Kemp—No. My advice is that she does not hold that position.

Senator FAULKNER—I see. So she does not continue to work on behalf of the ACT Branch of the Liberal Party in any capacity?

Senator Kemp—Not to my knowledge, Senator—not in any paid capacity.

Senator FAULKNER—Does Ms Crosby do any part-time work for the national Liberal secretariat?

Senator Kemp—I do not know whether she does. That is the sort of matter I would have to take on notice, I guess.

Senator ROBERT RAY—If public servants take on outside work, do they have to actually notify? Mind you, this is a MOPS Act one. It is slightly different from the Public Service.

Mr Godfrey—Under the Public Service Act it is a requirement to seek approval before taking on outside work.

Senator ROBERT RAY—Does that apply to MOPS Act employees?

Mr Semmens—I would have to say that in my time administering MOPS Act employees I have never seen such a request from any party.

Senator ROBERT RAY—It is not whether it is a request; it is whether it is required.

Mr Semmens—No, therefore I have not addressed the issue.

Senator ROBERT RAY—That is the reason? Yes.

Senator FAULKNER—What would be the salary range as an adviser? Adviser or assistant adviser? I might be doing her a disservice there. As adviser?

Mr Semmens—Under the MOPS Act the adviser range goes from \$50,931 to \$68,497.

Senator FAULKNER—Mr Vincent Woolcock is also on that list there. I read some horrible things in Pamela Williams's *The Victory*, but one of the things I did read was that Vincent Woolcock was a long-term coalition operative, a veteran advancer with years of experience in US campaigns. Does he still advance for the Prime Minister?

Senator Kemp—I am not aware of that. He is, as stated there, a member of the Government Members Secretariat. I am not aware that he carries out that function.

Senator FAULKNER—Ms Williams was obviously referring to the last election campaign.

Senator Kemp—What is the book you are reading from? Could you—

Senator FAULKNER—I explained it to you. It is *The Victory*, by—

Senator Kemp—No, you did not actually explain it. You said you were reading from a book. You did not say it was *The Victory* by—

Senator FAULKNER—I think I did. You have got to concentrate on the task at hand. I said I had read some horrible things in the book—plenty of them, I might say. There is a whole lot of matters in here I do not want to be reminded of, but this is one I want to remind you of.

Senator Kemp—I can understand that.

Senator FAULKNER—Okay? I want to know if he is still an advancer for the Prime Minister. Is he part of the advance team?

Senator Kemp—Not that I am aware of.

Senator FAULKNER—Righto. What is his role in the secretariat, then?

Senator Kemp—He is listed as an assistant adviser.

Senator FAULKNER—What does he do? Is he a trainer?

Senator Kemp—He does functions as determined at a particular point in time.

Senator FAULKNER—By whom?

Senator Kemp—He performs that broad role which I think has been outlined in an answer to you. The Government Members Secretariat was established to provide training and support to members, senators, ministers and their staff. My understanding is that that is the sort of role he performs.

Senator FAULKNER—But you have been able to clarify he does not act as an advance person for the Prime Minister?

Senator Kemp—That is right, and I have now told you that his job, as broadly defined, is to provide those features.

Senator FAULKNER—In answer to a question on notice that I asked in relation to the desktop publishing program, Corel Draw 7—thank you for the answer that you supplied—I would now appreciate knowing, if I could, how much the Corel Draw 7 graphic software cost.

Mr Peel—It cost \$850.

Senator FAULKNER—That was paid by DAS?

Mr Peel—Yes.

Senator FAULKNER—I see. Is it on the network in the secretariat?

Mr Peel—I am not sure how they are using it—we are not across their internal procedures. We simply provided the software package.

Senator FAULKNER—It must be a great relief to them, I suspect. Could you take that on notice, please?

Mr Peel—Yes.

Senator FAULKNER—Thanks very much. Is the training program for Corel Draw 7 approved by the DAS information technology section?

Mr Godfrey—I would have to take that on notice. We do not actually have a formal approval of training. We have companies listed who can provide training. I will take the question on notice.

Senator FAULKNER—A circular was put out by a Ms Linda Reynolds, who is an adviser in the members secretariat, about training for backbench staffers—training on the Liberal Party

feedback electoral polling program. Are any copies of feedback loaded onto Parliament House computers?

Mr Peel—That is a question that the department is just not in a position to answer. It is something we would have to take on notice and get from the government members secretariat.

Senator FAULKNER—Thanks for that. Has the Commonwealth purchased any copies of feedback for Liberal Party training purposes?

Mr Peel—Certainly DAS has not. We could not answer for the Commonwealth.

Senator FAULKNER—But DAS has not?

Mr Peel—Not to my knowledge, no.

Senator FAULKNER—Do you know if feedback training is conducted in Parliament House?

Mr Peel—No, as I said, we are not involved in the internal workings of the secretariat. We simply provide them with facilities.

Senator FAULKNER—They could be doing anything in there.

Mr Peel—No comment on that.

Senator FAULKNER—Very wise. So you do not know if the training program is designed in Parliament House at all?

Mr Peel—No.

Senator FAULKNER—Could be?

Mr Peel—I do not know. As I said, we are not involved at all—

Senator FAULKNER—Do you know anything about this feedback electoral polling program or electoral program?

Mr Peel—No, it is not something that we need to know about.

Senator FAULKNER—Do you know if it is chiefly a party political tool?

Mr Peel—No.

Senator FAULKNER—Does the department have a view on whether these would be legitimate activities to be carried out in the Government Members Secretariat?

Mr Peel—I do not think we do have a view. They are employed under the MOPS Act. They are not staff of the department, so it is not an issue for us to have an opinion on one way or the other.

Senator FAULKNER—Thank you. Could I ask you for an updated list? I suspect you will have to take this on notice. There is a range of things that I want to get from you in relation to the Government Members Secretariat: all the IT software—and I would like to know who the licences are held by—and I appreciate that you will not have this information absolutely here at your fingertips; all computers; all printers with their brand names and their unit numbers; the equipment that is provided at home for secretariat employees; mobile phones, video recorders and televisions. That would quite effectively update the previous list that we had.

Mr Peel—If I could just make a couple of comments, obviously we do not have all that information at our fingertips today. We did give you a list last time of the equipment provided to the secretariat. I do not believe that has changed since last time but I will check.

Senator FAULKNER—It is terribly important that they are kept up with the times so I really would like to know.

Mr Peel—In terms of the software provided, I can give you a list of that now although I do not have the licence numbers and the other information that you require. There is a Novell Netware V4.1, an MS Office 95 Professional package, a Microsoft Front Page 95 package, an Aldus Page Maker and Corel Draw, which you have already referred to.

Senator FAULKNER—Thank you for that. Would you know what the paper consumption of the Government Members Secretariat was?

Mr Peel—I think I could find that out, but I do not have it here. If they draw their paper from departmental stocks, we may be able to find that out for you. If you let me take that on notice, I can check.

Senator FAULKNER—I would appreciate that, thank you very much. Is there anything produced out of this Government Members Secretariat that is actually disseminated from—although there is plenty that is disseminated to the public—and that you keep file copies of at DAS?

Mr Peel—No.

Senator FAULKNER—So nothing that is produced out of the government sector?

Mr Peel—The Government Members Secretariat, as I have mentioned, is not part of the Department of Administrative Services so we do not have any involvement at all in its operations except that we provide them with the facilities that they use.

Senator FAULKNER—So you provide the photocopiers, for example?

Mr Peel—Yes, and we have given you a list of all the equipment that was provided.

Senator FAULKNER—Therefore would you be in a position to provide the figures as to the numbers of photocopies that are produced by the Government Members Secretariat?

Mr Peel—I could take that on notice, but I do not have those numbers in my head, as you would appreciate.

Senator FAULKNER—I appreciate that—you probably do not have that in your back pocket. That would be helpful. Thank you for that. Mr Semmens, last time we met you had reported that the Government Members Secretariat had accumulated a travel budget of \$142,800—that is my recollection of the figure. I just wondered what was the latest figure for the secretariat's travel budget.

Mr Semmens—I do not know if I have it readily at my fingertips, but there is a budget set for this year. I may well be able to find it before we finish this afternoon if you would just allow a little time, but certainly there has been a budget set for this year.

Senator FAULKNER—Okay, thank you for that. Do we know what sort of travel on a monthly basis the Sydney- and Adelaide-based secretariat advisers would be undertaking?

Mr Semmens—That would have to be taken on notice. I can now confirm that the GMS travel budget for 1997-98 is \$150,000.

Senator FAULKNER—Thank you for that. We spoke a little last time about some of the publications that were emanating from the Government Members Secretariat. We had Peter Lindsay's *Christmas Community Information Newsletter*, Mr Billson's small business report to Dunkley, we now have the *Sharp Report*, and an interested member of the public also sent me the *Wide Bay News* that was put out by Mr Warren Truss—all with design and content

that was attributable to the secretariat. Mr Semmens, have you seen Mr Billson's small business report?

Mr Semmens—No, I haven't but, as Mr Peel has indicated, for our part at the department we really are well removed from the work undertaken by the GMS.

Senator FAULKNER—Would you have any knowledge of who is responsible for the printing of these particular publications?

Mr Semmens—Absolutely not. I wouldn't and I do not know whether Mr Peel would, but I think you will find that, again, it is the product of the GMS itself and not the department.

Senator FAULKNER—Perhaps if I handed it over to you, you could let me know whether this particular document would meet Mr Jull's direct mail guidelines. These are matters for your consideration, aren't they?

Senator Kemp—Sorry, are you speaking to me?

Senator FAULKNER—I was speaking to Mr Semmens through you, Minister.

Mr Semmens—In terms of the publication itself, we in the department would have no involvement with it at all, and we would not be able to verify one thing or the other.

Senator FAULKNER—Are you required at times to make rulings on whether such publications are appropriate for use by a member of senator in terms of their postage entitlements?

Senator Kemp—Are you arguing that they are not? Is that the point that you are making?

Senator FAULKNER—I am not at this stage arguing anything. I am asking Mr Semmens whether the department has any role in establishing these matters.

Mr Mellors—We typically tend to act on the basis of complaints from others. If there is a complaint in relation to some suggestion that some entitlement might have been misused, then obviously the department and the minister would examine that.

Mr Semmens—Ultimately, if we are talking about use of postage entitlement, the requirements for that entitlement are rather specific. That is, in terms of a senator or member sending something out, it has to be either parliamentary or electorate business and not party business.

Senator FAULKNER—What would be the situation where a document had been, at least in part, produced in the secretariat? Let us not even worry about whether it was produced there or whether the artwork or the printing came from there. Let us just assume that it is any old document that did not comply with section 328 of the Commonwealth Electoral Act; it was technically in breach. Would such a document breach any DAS direct mail guidelines?

Mr Semmens—I cannot see where something which is posted by a senator or member has anything to do with DAS. The entitlement to postage, as you know, derives from the Remuneration Tribunal and the Parliamentary Entitlements Act. It is quite specific. Whether it breaches anything else, the fundamental requirement is that that postage entitlement is used for parliamentary and electorate business. I cannot make it any more specific, I am afraid, but as you know that is what the entitlement is for.

Senator FAULKNER—Who is the Commonwealth minister responsible for administering these matters in relation to a member's or senator's postage entitlements?

Mr Semmens—The administration of the Remuneration Tribunal Act is with our ministers.

Senator FAULKNER—If the minister were to receive a request that a judgment be made about the appropriateness or otherwise of a member's or senator's postage entitlement being used for particular material, who would be making a judgment and recommendation to the minister about that?

Mr Mellors—If it related specifically to the usage by a member or senator of their postage entitlement—as I said, if that came to us in the form of a complaint—clearly the department would provide advice to the minister on such a complaint.

Senator FAULKNER—Would it be parliamentary and ministerial services that would ordinarily be providing that advice?

Mr Mellors—Yes.

Senator FAULKNER—Has the Australian Electoral Commission raised with you or the minister the appropriateness or otherwise of this sort of material being authorised? Obviously this is something that is particularly important to the AEC, which has a direct area of responsibility here. I think it is fair to say that it is a bit of a grey area. I think you would accept that, would you not, Mr Semmens, from some of the comments you have made since you have been before the committee?

Mr Semmens—In terms of various uses of the postage entitlement, there have been questions, that is true. There are times where we do have grey areas. We have always had to contend with that. There is no final arbiter when you get to the grey area. Ultimately, it is up to the relevant senator or member to satisfy himself or herself and his or her constituency that the use is a proper use within the entitlements so prescribed.

Senator FAULKNER—It is a question I suppose who puts up the money for it. The Commonwealth puts up the money for the postage. In this case the service is provided by the government member's secretariat. There is a question mark about the printing and photocopying and so on.

Mr Semmens—The entitlement to postage has nothing to do with the printing and everything else. That is a different issue. The only comments I am making and the only thing I can advise you on is the use of the postage entitlement as such, which I have endeavoured to do.

Senator FAULKNER—I asked you a question on notice which you responded to on 4 June. I asked whether you could provide the names, employment classifications and locations of the six ministers' second media liaison officers. I was interested to see that Mr C. Kerr was Senator Vanstone's media adviser. Who is the minister's Canberra based media adviser?

Mr Semmens—Which minister, Senator?

Senator FAULKNER—Are you aware of the question on notice that I asked? I asked for the names, employment classifications and the offices of the six ministers' euphemistically described second media liaison officers.

Mr Semmens—Yes.

Senator FAULKNER—Senator Vanstone's second media officer is Mr Kerr, the Adelaide based media adviser. I was wondering who the Canberra based media adviser was.

Mr Semmens—I do not have sufficient detail here today to answer that question, but certainly I could take it on notice and get you that answer. There should not be any trouble; it is just that we do not have the details with us.

Senator FAULKNER—Thank you very much. Has Mr Reith filled his vacancy there yet?

Senator ROBERT RAY—Is someone occupying that position?

Mr Semmens—From the records we have brought with us, it is not clear whether we can provide that without misleading you. We will give you an answer on that quickly also, but I will to have take it on notice.

Senator FAULKNER—Thank you. Did the supplementary media adviser work directly to the Prime Minister's office in the supply of clippings and transcripts?

Mr Semmens—Certainly that is not something I can answer here. I thought it had been covered on a number of occasions before though. I have nothing to add. I do not know the answer to that question.

Senator FAULKNER—Could you take that on notice, please?

Mr Semmens—Yes.

Senator FAULKNER—Thank you very much. You might also take on notice whether they have had any contact with Mr O'Leary; and you might also take on notice whether and, if so, what sort of contact they have with other media advisers and assistant advisers in the Prime Minister's office.

Senator Kemp—I think most media advisers have contact from time to time with media people in the Prime Minister's office.

Senator FAULKNER—Thank you for that Senator Kemp, because that is very helpful. You might recall—although I do not know whether you read the *Hansard* of these committees when you are not present—that we had the benefit of Senator Parer's assistance or attendance here on one occasion when you were otherwise occupied.

Senator ROBERT RAY—He was very helpful.

Senator FAULKNER—Yes, he was very helpful because he told us about this bloke, Mr Kay, whom he has working for him up in Brisbane who regularly sent him clips, transcripts and reports. Senator Parer said that it was terribly useful because he could really keep his finger on the pulse of what was happening up in Queensland.

Senator ROBERT RAY—More than that, he sent it to other ministers as well.

Senator FAULKNER—That is the point. I was wondering whether these other supplementary media advisers were as helpful to other ministers as Mr Kay was helpful to Senator Parer in producing a daily summary of news events and news items for their minister or, more generally, the ministry and the Prime Minister's office. Could you help us there?

Senator Kemp—I hope they are as helpful. If Senator Parer was very happy with the media adviser you named, I can only express the hope that the others are as helpful also.

Senator ROBERT RAY—So all the pretence of these not being a group set up to monitor the media, a la NMLS, has just gone out of the window, hasn't it; you know it, and we know it.

Senator Kemp—You need your advisers; they deal with media issues. I am not sure what more I can add. I guess Labor media advisers also look at the media and make assessments of what is being put on the media.

Senator ROBERT RAY—It is just totally coincidental that, of the extra six media advisers, one is in each state; they all happen to be not Canberra based but resident in that state; and they all happen to send back transcripts and press clippings, et cetera; in other words, they replicate what NMLS did, but in secret. They do not even have the courage to come out and say that is what they do.

Senator Kemp—What is secret about it?

Senator ROBERT RAY—Go back and read your answers and those given by other ministers.

Senator Kemp—There is nothing secret about it. We are having this discussion at Senate estimates, so what is secret about it?

Senator ROBERT RAY—You go back and read your answers and other ministers' answers given before this committee before Senator Parer finally told the truth.

Senator FAULKNER—And even then he had to be corrected by his senior adviser. Let us give full credit to Senator Parer who owned up. He said, 'It's been drawn to my attention that an answer which I provided to the committee may have been unintentionally misleading.' He enclosed a memorandum from his senior adviser explaining basically what the fit up is. I draw it to your attention.

Senator Kemp—Thank you for that. I think there was a letter forwarded from the media adviser to the secretary of this committee. Is that right?

Senator FAULKNER—No, that is not right.

Senator Kemp—I was not asking you; I was asking the committee secretary.

Senator FAULKNER—I am just telling you.

Senator Kemp—From the minister, I think.

Senator ROBERT RAY—As I think we are on a different subject now, could I just ask—

Senator Kemp—Just before you do, I would add some additional information to an earlier question that was raised at the committee. I can be more definitive in the answer I can give. Senator Faulkner I think asked the question, 'Does Dawn Crosby do part-time work for the federal secretariat of the Liberal Party?' I am advised that the answer is no, and that she is employed full time under the MOPS Act.

Senator ROBERT RAY—I do not think the transcript is available yet of questions asked of DEETYA officials, possibly by Senator Carr, in relation to Mr Abbott's former employee Mr Oldfield. However, I believe there was some reference to it in the press—and I guess it must have been this morning's press.

Senator Kemp—There was something in this morning, if I remember.

Senator ROBERT RAY—I do not have perfect recall of the article, but it did mention some role that DAS was playing in this. I think previous evidence suggested that DAS would make itself available to assist any member of parliament with inquiries they had. Has that been the general case; and where are we up to with that?

Mr Semmens—Are we talking about that particular case?

Senator ROBERT RAY—Yes.

Mr Semmens—Which case are we talking about?

Senator ROBERT RAY—Mr Oldfield's case.

Mr Semmens—I have a transcript that mentions several others. In terms of Mr Oldfield, Mr Abbott is clearly on the record as having raised a number of concerns that he had about Mr Oldfield with both the department firstly and then the minister. We have looked at and reported to the minister on those issues that were raised that related to us—and not all of them related to us as I indicated last time.

Senator ROBERT RAY—Have you reported to the minister or Mr Abbott?

Mr Semmens—We have reported to the minister.

Senator ROBERT RAY—To your minister?

Mr Semmens—Yes, the request was made to our minister by Mr Abbott.

Senator ROBERT RAY—Presumably, Mr Jull will pass on the information in relation to this matter to Mr Abbott.

Mr Semmens—I think he will do it in accordance with the procedures.

Senator FAULKNER—Was that specifically about Mr Oldfield's trip to the Gold Coast on 10 to 12 April this year?

Mr Semmens—Certainly the concerns relate to some travel.

Senator ROBERT RAY—And to mobile phone use?

Mr Semmens—Mobile phones have nothing to do with us.

Senator ROBERT RAY—So that is a DEETYA matter?

Mr Semmens—Yes.

Senator FAULKNER—I think he was asked to repay \$870 to DEETYA. So I am clear, the nature of your investigations, for want of a better description—is that a reasonable word to use?

Mr Semmens—I think probably inquiry is a better word. Investigation is too—

Senator FAULKNER—So were those inquiries limited to the trip to the Gold Coast on 10 to 12 April?

Mr Semmens—No, I am not saying that. They related to some travel that was undertaken. Mr Abbott had some concerns about whether or not that was done within entitlement.

Senator ROBERT RAY—Is it still the situation that the office holder or the senior person in the office has to sign off the travel warrants and you cannot sign off your own?

Mr Semmens—Yes.

Senator FAULKNER—When you use the word 'travel' does that include travel allowance?

Mr Semmens—It includes travel allowance and actual travel.

Senator CONROY—Do the other matters that you are investigating include travelling to attend rallies that Graeme Campbell was involved in or travelling to attend a rally at Wandin organised by the League of Rights at which Mr Eric Butler spoke?

Mr Semmens—I am not aware that they are. The issues that we have addressed are those that were raised by Mr Abbott whilst Mr Oldfield was within his employ. I cannot remember the specific instances.

Senator FAULKNER—Can I just be clear. We used the word 'travel' and you indicated that that includes travel allowance. Obviously, the possible use of Cabcharge or the possible use of Comcars would be defined within travel.

Mr Semmens—We are talking about travel and official expenditure within entitlements and that covers all of those things.

Senator CONROY—So if Mr Oldfield came to Melbourne either when he was on Mr Abbott's staff or on Ms Hanson's staff to attend a League of Rights rally at Wandin on the outskirts of Melbourne, would that be subject to your investigations?

Mr Semmens—Whose staff was he on at the time?

Senator CONROY—On Mr Abbott's or Ms Hanson's.

Mr Semmens—The issues that we have addressed are those which Mr Abbott has raised specifically with us. I cannot confirm or otherwise because I just do not know whether those particular instances you are referring to were referred to us by Mr Abbott. Certainly if Mr Oldfield was on Ms Hanson's staff at the time they would not have been.

ACTING CHAIR (Senator Heffernan)—That completes questions on 2.4. We now move on to 2.4.1—client support services.

Senator ROBERT RAY—I want to ask a follow-up question to an answer to a question taken on notice given to me. I asked on 4 June: how much did DAS pay to get a written transcript of Mr Jull's appearance on the John Laws program? You kindly provided me with an answer of \$286.90. Who requested that transcript?

Mr Mellors—We do not have anybody at the table at the moment who can answer that. Can we take that on notice?

Senator ROBERT RAY—Yes. You might take on notice who asked for the transcript to be done and how many pages you got for \$286—about 19, I think; that might sound a long appearance but I think the transcription services stretch out the pages. Could you also take on notice how many other occasions since 11 March 1996 the department has paid for transcripts of the minister's radio or television appearances—there have not been a lot—and the cost of those. Minister, the cost of these transcripts is quite high—\$286 for one appearance.

Senator Kemp—I assume that is the usual commercial rate.

Senator ROBERT RAY—You do not think we could get that second media officer in Sydney to record and transcribe them a bit cheaper? No? That is all on that one.

ACTING CHAIR—There being no further questions on 2.4.1, we will move to 2.4.2—VIP transport (Comcar).

Senator CONROY—I wonder if I could get an update on where the negotiations are in relation to Comcar.

Mr Godfrey—In relation to what, Senator?

Senator CONROY—Negotiations with drivers and the possibilities of outsourcing.

Mr Semmens—On the 22nd of this month the department will be putting on the table to the drivers and to the union a flexible working hours package, which has not been the subject of detailed discussion at this stage, as you may know. There has been a lot of discussions with drivers about where they see things going and their ideas of flexible working arrangements.

Senator CONROY—What form have those discussions taken?

Mr Semmens—They have been direct between the Assistant General Manager, Comcar, and the TWU at the national office, the TWU at regional offices and driver delegates and drivers themselves.

Senator CONROY—I understand a committee was formed.

Mr Semmens—There have been committees all over the place with Comcar.

Senator CONROY—A committee of three drivers and three management. That was formed earlier in the year. Has it met?

Mr Semmens—I am not too sure whether that is the same committee. Certainly negotiation is done in a fully consultative way. The representatives who go to these meetings usually are the same ones and Ms Barnesby from the TWU head office is usually present.

Senator CONROY—There is a committee with three management and three drivers which was to examine these issues. Could you take on notice and provide us with the dates of when they met?

Mr Semmens—We can take that on notice.

Senator CONROY—I understand that you have some computer changes you are looking at at the moment, negotiating with IBM.

Mr Semmens—Not any significant ones that I am aware of, Senator.

Senator CONROY—I understand that you have an on-site computer consultant. I am wondering why you would want an outside consultant when you have an on-site computer consultant.

Mr Semmens—Consultants are consultants. They are all from outside.

Senator CONROY—You have one that is permanently based on-site.

Mr Semmens—We employ a regular consultant.

Senator CONROY—What is the cost of the regular on-site consultant?

Mr Semmens—He is fully occupied. The only answer I can give you on that particular matter is that if there is more work to be done by another consultant it would be because his capacity is fully utilised. One thing we do not do is take on somebody, particularly in Comcar, if we can afford to do it from within. If there is an additional consultant being used, I will take that on notice and give you details.

Senator CONROY—Could you take on notice the cost of the on-site consultant?

Mr Semmens—Of course.

Senator CONROY—The on-site consultant's costs and any external computer costs that you have incurred in terms of consultancies, particularly IBM, but others.

Mr Semmens—Okay.

Senator CONROY—Is it right that you have had seven national managers in eight years?

Mr Semmens—There is a lot of folklore about that kind of thing, but I have been consistent for quite some time. I have been around. The current assistant general manager, I think, has been there two to three years. I think the length of time some drivers look at for the turnover of managers involves a degree of mythology and sometimes deflates the period of time in which they were making those judgments. Sometimes they even forget who is the manager and mistake him for a state manager.

Senator FAULKNER—In 1990 and 1993, as I understand it, a significant number of packages were offered to Commonwealth car drivers. I think that is the case, isn't it? There were two significant restructures, if you like.

Mr Semmens—We had several downsizings. Driver numbers were reduced by about half at one stage.

Senator FAULKNER—As I understand it, the packages in 1990 and 1993 were in fact enhanced with the overtime component. I would like to know if I am correct in stating that. If that is the case, has there been a policy change because I understand that enhancement is no longer available?

Mr Semmens—You are correct in your recollection. But it is not a matter for DAS to be able to determine. To include that into a package arrangement requires the particular approval and specific one-off approval by the Public Service Commissioner. It did so on those two occasions in the circumstances and made it clear that it was not a precedent for the future and is sticking with that position.

Senator FAULKNER—Who is sticking with the position?

Mr Semmens—The Public Service Commissioner.

Senator FAULKNER—So this is a matter that the Public Service Commissioner has made a determination upon, is it?

Mr Semmens—He made a determination on the two previous occasions but with the proviso that those two occasions would not represent a precedent for the future and, as I understand it, is not proposing to make such a determination this current round. That has been advised to drivers as well. The approach has been made and we have told drivers the outcome of that.

Senator FAULKNER—So has a formal decision been made by the Public Service Commissioner in that regard?

Mr Semmens—I believe so. The advice I have is that the commission is no longer in a position—that might sound curious—legally to make the same determination again.

Senator FAULKNER—Can you be a little more forthcoming?

Mr Semmens—No, Senator. The bottom line is—and this is not for want of trying—the option is no longer available.

Senator FAULKNER—Senator Conroy asked you some questions about Comcar management. What sort of input has Comcar management had in determining the new hours of Comcar operation?

Mr Semmens—I guess Comcar management provided advice to the government at the time of the budget but, as you know, those hours were announced as part of a package announced at the time of the budget.

Senator FAULKNER—In relation to pay and conditions for—

Mr Semmens—In terms of the hours of operation, I thought that is what you were talking about.

Senator FAULKNER—Yes, that is exactly what I was saying. I was interested also in understanding in relation to pay and conditions for Comcar drivers which is, I appreciate, a separate issue.

Mr Semmens—Pay and conditions for Comcar drivers have not changed of recent times, but certainly we are about to embark on negotiations for a new set of pay and conditions which will have far more flexible working arrangements.

Senator FAULKNER—But the question I am asking you is the extent to which the management is driving changes or proposed changes.

Mr Semmens—I think it is better to put it this way: the government has been concerned about the ongoing cost of Comcar. As you will know, in your time in government there was an equal concern about the cost of Comcar. The year before last it cost \$21 million; last year it cost \$17.3 million. I think you will find that it is far more a request, as it is in other areas of public administration, to wind down the cost of delivery of services and entitlements on the one hand, and to look at what the options are for dealing with that. Like any department

we are asked to provide—and I put myself in the middle of this as well, not just as the assistant general manager of Comcar—advice to the minister. It is up to him.

Mr Mellors—I think that is the short answer that, in developing options for the ongoing management of Comcar, Comcar itself provides ideas and helps us cost options—Mr Semmens as head of the division, Mr Godfrey, and me as head of the department. There is no great mystery about this. Our thinking comes from all quarters, including Comcar management.

Senator FAULKNER—You may need to take my next question on notice, Mr Semmens, but first let me ask a preliminary question as to whether decisions have been made about the number of redundancies that will be required in each state.

Mr Semmens—I would not say that they are complete with some final details still being worked through with drivers. So the answer to that would be no, but quite a number of drivers have indicated already that they are interested in a package and, of course, the number of redundancies that might flow following that depends upon what is left.

Senator FAULKNER—Would you be able to provide me on notice with a breakdown of redundancies in each state, appreciating the caveat that you have placed upon it, taking into account the Comcar drivers' levels—for example, level five, ministerial; level six, anti-terrorist and so forth?

Mr Semmens—We have only got two levels now.

Senator FAULKNER—Please tell me what they are.

Mr Semmens—Level five and level six.

Senator FAULKNER—I did not realise there were only two, but if your figures could take that into account; would that be possible?

Mr Semmens—Yes, sure.

Senator FAULKNER—Thank you. What is the ratio of full-time driving staff to non-driving staff currently—maybe not the ratio, the raw numbers will do?

Mr Semmens—I do not know whether I have it readily to hand—

Senator FAULKNER—You could take that on notice.

Mr Semmens—I will take that on notice, if I may. But the full-time driving staff compared with total staff, excluding casuals, is about 70 per cent.

Senator FAULKNER—Would you be able to break that down into current levels and the proposed levels after the downsizing flows through?

Mr Semmens—Of course we can, yes. But that one requires a calculator, so I will need to take it on notice.

Senator FAULKNER—Is the issue of the number of actual level six drivers taken account of in the downsizing?

Mr Semmens—First of all, we will be looking at the number of level six drivers who want to take packages. Because we are still providing a VIP service, we need a requisite number of drivers at the right skill level for high level security driving. So we will have a minimum number at level six.

Senator FAULKNER—Could you give me a breakdown, if it is not too much trouble or hassle, of the department including the total salaries paid for administrative staff and for drivers?

Mr Semmens—We can give you that breakdown.

Senator FAULKNER—I thought that would be fairly easy.

Mr Semmens—Yes.

Senator FAULKNER—I would appreciate that. That would be helpful.

Mr Mellors—Senator, I just want to clarify one thing because it does come up from time to time. When we refer to drivers versus administrative staff I would not like it to be thought that that is administrative staff in terms of paper-pushers, if I can put it that way. The great bulk of that remaining 30 per cent that Mr Semmens referred to are in fact reservations and allocations staff. They are not doing pure administration. They are operations staff.

Senator FAULKNER—I hear what you say, Mr Mellors. Would you say drivers and non-drivers is a better classification?

Mr Mellors—I believe it would be, yes.

Mr Semmens—There is a tendency by drivers to classify anybody who is not a driver as management.

Senator FAULKNER—I do not know about that.

Mr Semmens—I am just saying there is and that overlooks the fact, as Mr Mellors has said, that there are many of our people in the majority who are not drivers and not management but who are operational people who make the place work.

Senator FAULKNER—I have to say to you that I am relatively relaxed about the nomenclature. I do not care much. I am interested in gaining the figures from you if you can make them accessible, readable and presentable.

Mr Semmens—We will break those up for you, Senator.

Senator FAULKNER—I am sure you will. That will be really helpful. On the issue of casual drivers, is there going to be an increased need or a decreased need for casual drivers after the current downsizing?

Mr Semmens—My expectation is that there will be a decreased need. It really depends upon the location and what contracts or alternatives are available that meet our standards. Ultimately, it will be a mix of full-time, casual and contract people. The final mix may very well depend on where we are, which state.

Senator FAULKNER—Why is that your expectation?

Mr Semmens—I think that, as we tighten up our standards for hire car operators, there will be less need to rely on casuals.

Senator FAULKNER—What is the current base rate of pay for a Comcar driver?

Mr Semmens—I think it is about \$28,000, Senator. I do not have it with me but I think it is between \$28,000 and \$28,500. That is without penalty rates or anything like that. It is just as a base.

Senator FAULKNER—Would you mind giving me a precise figure on notice?

Mr Semmens—Sure. It varies between level 5 and 6 of course.

Senator FAULKNER—I appreciate that. Perhaps you could give me that.

Mr Semmens—We will give you those figures.

Senator FAULKNER—Thank you. The newly proposed hours of operation are in place now, aren't they?

Mr Semmens—Yes, they are.

Senator FAULKNER—The newly proposed hours for Comcar are going to have a drastic impact on the overtime component that drivers would have received hitherto. In relation to the remainder of Comcar's operations, obviously that is going to have a significant impact on costs. Are there other significant cost cutting measures in place?

Mr Semmens—I think we have a good number of operational efficiencies there. The current round that we are looking at are the savings and efficiencies that go with more flexible working arrangements which will see drivers working more when there is work, rather than when there is not work to be done, as was the case with the old inflexible shift arrangements, and working over, so that the reconciliation period might be over three months instead of two weeks, which allows considerable flexibility. It is the kind of thing which applies in other industries. We are now looking at dealing with the actual costs of providing the driver service in-house.

Senator FAULKNER—In relation to the downsizing of Comcar, are there any security issues in terms of the policy imperatives that you have to weigh up and balance, particularly for overseas dignitaries and the like?

Mr Semmens—We have the core service still there. It is there to provide that kind of service and to other very high VIPs. Yes, it has been at the forefront of the government's mind and the facility is still there, Senator.

Senator FAULKNER—But I do note that when a significant overseas figure visits Australia that might stretch the Comcar resources. Is that a fair statement?

Mr Semmens—With the figures that we have we believe we have got the essential requirements met for visiting dignitaries. There are extraordinary times when that might stretch it, but we are also looking at having much tighter contract arrangements as well. The interesting thing is that Comcar has not been used in toto for all VIP visits. Our clients choose to use Comcar for the very important visitors but a lot of the ancillary transport is provided through contract arrangements. That has been the case now for some time.

Senator CONROY—Was the Clinton visit an example of that?

Mr Semmens—Yes, it was.

Senator FAULKNER—An issue that was raised with me by a constituent was that drivers were required to have their papers for voluntary redundancy with the department on a date—I think it might have been 7 August—and a different date was set for management. It was only a small difference. It might have been 13 August compared with 7 August. I was asked to explain that and I could not. I thought the best thing I could do was ask you to explain it to me.

Mr Semmens—The downsizing has occurred in two stages following the budget. The first was a reduction in non-driving staff, and I make my point that it is not necessarily management but non-driving staff. That was achieved by 1 July. So now the next round is dealing with drivers. At this stage it is still open for them, as far as I can recall, to lodge their applications for interest in redundancy.

Senator FAULKNER—Thank you.

Senator CONROY—The TWU supplied a submission on flexible hours to Comcar in late March. Has there been a formal response?

Mr Semmens—There has been discussion about that and a number of proposals. As I recall it, that proposal would have, instead of saving money, cost more money.

Senator CONROY—So you are aware, I am a current financial member of the TWU and former official. It would save Senator Kemp the trouble of—

Senator Kemp—I am glad that you have declared your interest, Senator. It has been noted.

Mr Semmens—Unfortunately, that proposal was not going to get us into the right direction that we needed, but I think it is fair to say that there is considerable adjustment being made as negotiations gently and gradually proceed.

[3.09 p.m.]

Program 3—Procurement

Senator FAULKNER—I have a question in relation to the report that was prepared by DAS and Price Waterhouse on business opportunities from the 1997 federal budget. Can you just let me know how much it cost to prepare that report, please?

Mr Robinson—Yes, if I recall, it was 18,000.

Senator FAULKNER—Do you know who that was distributed to, Mr Robinson?

Mr Robinson—It has not yet been distributed widely. It is in the process of being done, Senator. Its first distribution was last week at the ACT Supply and Development Committee, I believe, which is a committee of local business, and Purchasing Australia, other government officials. There is a plan for a wider distribution to business around the country and members of parliament.

Senator FAULKNER—I noticed in that report that one of the short-term business opportunities was the constitutional convention. So I just wondered what were the business opportunities coming out of there.

Mr Robinson—I am not able to answer that, Senator.

Senator FAULKNER—Can someone? It is in the report.

Mr Robinson—I would have to take that on notice. It is not my area of knowledge.

Senator FAULKNER—There was also the possibility of commemorative souvenirs coming out of the Federation Fund. What sort of funding is going to be available for them?

Mr Robinson—I think that is something that probably should be taken up with the Department of the Prime Minister and Cabinet on detailed opportunities. It is really an analysis of the budget as presented highlighting potential opportunities. The actual opportunities will be realised as departments implement the various elements of the budget.

Senator FAULKNER—I think that Senator Lundy wanted me to flag with you that there were some questions that she was keen to place on notice in this section, Mr Chairman. Can you tell me where the 'Australian made' logo is up to currently?

Mr Robinson—The current situation is that the government is considering its various options as to how to progress the matter further.

Senator ROBERT RAY—Can I just note that: 'The government is considering its various options as to how to progress this further.' Is that right?

Mr Robinson—I apologise for being a little nervous, Senator, and not being erudite.

Senator ROBERT RAY—It is not so much being erudite, but we would like you to be just a smidgin more helpful. That is what I am hinting at.

Mr Robinson—The government is considering all of the issues involved with the progress of the logo and the general question of what ‘made in Australia’ means and what the ‘Australian made’ logo should have as a future.

Senator ROBERT RAY—That is sort of considering things like what Australian content it should have to equal that. Rather than just have part of it and be able to stick the logo on, you are trying to find a level, are you?

Mr Robinson—That precise part of the issue is being dealt with by the Department of Industry, Science and Tourism. So it is not an area that we have taken a great part of involvement with.

Senator ROBERT RAY—But you are awaiting the results of that?

Mr Robinson—Yes, indeed.

Senator FAULKNER—One of the issues is what you do to ensure that companies who use the logo do not use them improperly and do not use them without proof that they are complying with the standards that ‘Australian made’ logos should uphold. Isn’t that the fundamental issue?

Mr Robinson—Not quite, Senator. The current situation is really one where the responsibility of licence holders is to make sure that they are conforming with the conditions under which the licence was issued. They are varied, and they were issued under the rules agreed with the Advance Australia Foundation quite some time ago. Now that that foundation has folded, we have informed all licensees that they may continue to use the licence and continue to use the logo, provided they are maintaining the conditions under which they were granted that right to use the logo.

This may change when the government finalises its position; it may not. It may end up being exactly the way it has been for the last nine years; it may vary. But they have been given the right to continue using the logo until the government reaches that decision and provided they maintain the conditions under which they were granted it in the first place.

Senator FAULKNER—But there is an integrity issue here, isn’t there? I know of at least one case where it has been used by a company that has effectively shifted production offshore. That is right, isn’t it?

Mr Robinson—I am not aware of that case. The general issue is that it is up to the individual company to maintain the integrity of the licence they have been given. If they do not, they are liable to action under the trade practices legislation.

Senator FAULKNER—Has any action ever been taken under the trade practices legislation?

Mr Robinson—Yes, and that is one of the reasons why the issue is in the melting pot, so to speak, for resolution of what ‘Made in Australia’ actually means. Some time ago there was the bush friends case where the courts found that the manner in which we had been dealing with ‘Made in Australia’ did not meet the courts’ definition as to how they saw it.

We have always used a substantial transformation concept as the means of determining whether something was rightly able to be called ‘Made in Australia’ or ‘Australian made’ in the case of the logo. The court has found that that is an insufficient definition. As a result of that, that has brought pressure upon the government to have a very close look at all the issues.

Senator FAULKNER—I notice that when Mr Jull produced a media release entitled ‘Review of purchasing arrangements’ no reference was made to any sort of commitment to

promoting Australian made in the government's objectives. I wonder whether that has been abandoned as a policy altogether.

Mr Mellors—The short answer is certainly not. There certainly was reference to a review not only of purchasing arrangements within Purchasing Australia but also the government's broader policy objectives in relation to government purchasing. Clearly, its industry development objectives are a very significant part of those broader policy issues that will be looked at.

Senator FAULKNER—It does not appear in the objectives that Mr Jull outlined.

Mr Mellors—I would have to refer to the media release, but certainly it is in the terms of reference, as I recall it.

Senator FAULKNER—I have got the terms of reference here. I will pass you a copy. If you can find them, good luck.

Mr Mellors—It says:

Having regard to the full range of objectives to be achieved in Government purchasing—
including industry development—

... ..

The objectives of Government purchasing to be considered in the review include:

... ..

. support for broader Government policy objectives, e.g. industry development, reducing costs for suppliers, environmental objectives . . .

Senator FAULKNER—So that is code for it, is it?

Mr Mellors—I think it is straight English.

Senator FAULKNER—There may be a verb in the sentence, but I would not say it was straight English. The Industry Commission have really urged federal and state governments to abandon the policy of preferential purchasing from Australian suppliers, haven't they?

Mr Robinson—We do not have a preferential situation now amongst the Commonwealth.

Senator FAULKNER—Is the department responding at all to that Industry Commission's call?

Mr Robinson—Not as such, no. I guess the answer is the review of purchasing is the appropriate place for us to be considering it. The current situation is spelt out in the procurement guidelines, as was discussed earlier.

Senator FAULKNER—Did you have any involvement in the ADF's decision in relation to the Australian fine china company? I assumed not, but I want to check.

Mr Robinson—No, we are responsible for civil procurement only.

Senator ROBERT RAY—This is the one that got cancelled?

Senator FAULKNER—This is the 'A \$1m storm over teacups'.

Senator ROBERT RAY—It would not have happened in my day.

CHAIR—We will move to program 4—Corporate management and information.

[3.22 p.m.]

Program 4—Corporate management and information

Senator ROBERT RAY—I have a couple of questions on the OGIA section. In relation to the government immunisation program, has the government made decisions about advertising and a public relations company?

Ms Moore—Yes. You might have seen that we are in the middle of an immunisation campaign at the moment. There has been a television campaign operating for a couple of weeks—the whooping cough baby.

Senator ROBERT RAY—Who won the advertising contract for that?

Mr Peel—The advertising consultant is Ogilvie and Mather.

Ms Moore—They were the incumbent agency that was appointed by the previous government.

Senator ROBERT RAY—Did someone get appointed to do the PR side?

Mr Peel—There were two actual incumbents there—Royce Communications and Cultural Perspectives.

Senator ROBERT RAY—So they did not have to go through OGIA per se, but through the ministerial council?

Ms Moore—The actual campaign went through the ministerial committee.

Senator ROBERT RAY—The campaign, but not the appointment of agents?

Ms Moore—That is correct, but the approval of the advertisement—the final approval.

Senator ROBERT RAY—It was not like a lot of others, where you go through the register, et cetera? I will not bore everyone with the details of the long process. In this case you already had firms in place?

Ms Moore—That is correct.

Senator ROBERT RAY—Under contract, presumably?

Ms Moore—Yes.

Senator ROBERT RAY—They were required by the department, I take it, to prepare a campaign which eventually went through the ministerial council for approval?

Ms Moore—Yes.

Senator ROBERT RAY—Coming back to the Telstra PR campaign, we were discussing last time—not in great depth—the awarding of this to Burson Marsteller. Was the committee aware that Burson Marsteller was also a candidate bidding for the contract to handle the selling of the New South Wales TAB?

Ms Moore—I could not comment on that. The issue certainly did not emerge. I am not aware of it. I cannot speak for the committee on that particular issue.

Senator ROBERT RAY—It would have relevance inasmuch as you would have to assess whether they had the capacity to do both. They did not mention it?

Ms Moore—Not in any pitches that I was present at.

Senator ROBERT RAY—Was it ever drawn to the attention of the ministerial council that a large section of Burson Marsteller's creative team had left and gone over to Hinton and Associates?

Ms Moore—Certainly OGIA was aware that a number of staff from Burson Marsteller had left the team, but I would not call it a significant number. There was one in particular.

Senator ROBERT RAY—But Burson Marsteller were the key operatives, were they not, that handled the campaign for the Commonwealth Bank sale?

Ms Moore—They were part of that campaign. I think it would be a matter of debate as to whether or not they were the key personnel in that campaign.

Senator ROBERT RAY—You are the first person I know who would say that that is a matter of debate. I think the whole industry acknowledges that Hinton and his colleagues were the ones that ran that part of the campaign, and Burson Marsteller. You are entitled to your view, by the way.

Ms Moore—Yes.

Senator ROBERT RAY—Have you had any more information from the Attorney-General's Department regarding the billing problem with Jonathon Gaul, the person who represented Burson Marsteller at the second pitch at the guns buyback contract?

Ms Moore—I have been advised by Attorney-General's that any billing issues with Burson Marsteller have been resolved.

Senator ROBERT RAY—So Burson Marsteller are fine and they still may have some with someone who, I suppose, operated at the behest of Burson Marsteller but not directly by Burson Marsteller?

Ms Moore—That may be the case. I was last advised on 22 July.

Senator FAULKNER—I wish to ask a couple of questions that I would be happy to have taken on notice if I can read them into the *Hansard*. Would that be okay by the department?

Senator Kemp—Yes.

Senator FAULKNER—I want to get an update on the number of redundancies across the department, if possible by program area, classification and location. That is an update of information that you have provided us with before. Could you give an update on the number of DAS staff who are participating in the DAS staffing redeployment program, or the APSLMAP program. Finally, could I get a consolidated update on the sale of the DAS businesses? I know this depends on when you ask for it and what time it comes forward. Could you provide us with the date of sale, the company to whom it went, the number of bids, the sale price if we could, ownership of purchaser from the point of view of whether it is an Australian company or a non-Australian company, the number of staff to be made redundant and the approximate number of staff expected to be kept on by the purchaser? We have dealt with that in some measure in some of the DAS businesses as we have gone through. But would it be possible to do some sort of consolidated document? It might take account of those other questions I asked earlier. I think it is more sensible if I place them on notice with your cooperation, Mr Chairman, and that of the department.

Mr Mellors—Yes, Senator.

CHAIR—That concludes program 4. I thank Mr Mellors and his staff. We will now turn to program 7, the Australian Electoral Commission.

[3.30 p.m.]

Program 7—Australian Electoral Commission

CHAIR—I welcome officers from the Australian Electoral Commission.

Senator FAULKNER—I wanted to ask about the application of section 328 of the Commonwealth Electoral Act. I do not know if you are aware that I referred to the Australian Electoral Commission the *Dunkley Small Business Report*, which is called ‘A newsletter for small business, from Bruce Billson, your local federal MP’. Are you aware of the correspondence between me and Mr Dacey, the acting Deputy Electoral Commissioner?

Mr Becker—No, I am not aware of it. Ann Bright might be aware of it.

Ms Bright—No, Senator, I am sorry.

Senator Kemp—Would you be able to brief us, Senator, so that we can assist.

Senator FAULKNER—That is a kind invitation. Do you really want me to go through it?

Senator Kemp—Not really, no.

Senator FAULKNER—I am sure Mr Billson does not. I could provide you with a copy of the letter that Mr Dacey has supplied to me. In the circumstances I think it is probably better that I flag with you that we might deal with it the next time you come before the committee. I am interested in the application of section 328 of the act, so perhaps it may be better with Mr Dacey or someone else who has had a direct involvement in looking at this specific matter but more importantly at the general issue of how compliance with this section of the electoral act is dealt with. So I will call it quits.

CHAIR—That concludes this hearing of the estimates committee. Thank you, Minister and officers, for attending. Thank you, *Hansard*, secretary and also members of the committee and other senators for their cooperation.

Committee adjourned at 3.32 p.m.