



COMMONWEALTH OF AUSTRALIA

SENATE

Official Committee Hansard

FINANCE AND PUBLIC ADMINISTRATION
LEGISLATION COMMITTEE

Consideration of Estimates

WEDNESDAY, 3 JUNE 1998

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SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE

Wednesday, 3 June 1998

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

Senators in attendance: Senators Allison, Faulkner, Lundy, Murphy, Quirke, Schacht and West

Committee met at 9.04 a.m.

FINANCE AND ADMINISTRATION PORTFOLIO

Proposed expenditure, \$783,127,000 (document A).

Proposed provision, \$352,917,000 (document B).

In Attendance

Senator Kemp, Assistant Treasurer

Senator Minchin, Special Minister of State and Minister Assisting the Prime Minister

Department of Finance and Administration—

Mr Len Early, Deputy Secretary

Programs 1 and 2

Mr Grant Hehir, General Manager, Budget Group

Mr Phil Richardson, Branch Manager, Government and Industry Outcomes

Mr Lembit Suur, Branch Manager, Agency Account Management Unit

Ms Robyn McKay, General Manager, Accrual Budgeting Project

Mr Brett Lennon, Branch Manager, Accrual Budgeting Project

Mr Abdul Khan, Branch Manager, Accrual Budgeting Project

Mr Lewis Hawke, Branch Manager, Accrual Budgeting Project

Program 3

Mr Stephen Bartos, General Manager, Resource Management Framework

Mr Graham Millar, Branch Manager, Financial Framework

Mr David Martine, Branch Manager, Commonwealth Shareholder Advisory Unit

Dr Sylvie Trosa, Branch Manager, Development Team

Ms Joanna Davidson, Branch Manager, Competitive Tendering and Contracting Group

Ms Sue Sadauskas, Secretary, Remuneration Tribunal

Mr Greg Williams, First Assistant Secretary, OGIA

Mr Roger Brown, Business Manager, AusInfo

Program 4

Mr Roger Fisher, General Manager, Corporate

Dr Diana Wright, First Assistant Secretary, Corporate

Mr Mark Molloy, Branch Manager, Corporate Services

Ms Julia Burns, Branch Manager, Corporate Services

Mr Mike Loudon, Branch Manager, Support Services

Mr Simon Ash, Branch Manager, Finance

Program 5

Ms Sandra Wilson, Branch Manager, Commonwealth Superannuation Group

Program 9—ComSuper

Mr John McCullagh, Assistant Commissioner, Corporate and Trustee Services

Program 6

Mr Phil Bowen, General Manager, Property and Contract Management

Mr Paul Goodwin, Assistant General Manager, Property Policy

Mr Arthur Gallery, Special Adviser, Property Policy

Ms Kathryn Campbell, Assistant Secretary, Property Policy

Mr Rick Hancock, Assistant Secretary, Overseas Property Operations

Mr Bill Peel, First Assistant Secretary, Contract Management

Ms Jan Mills, Assistant Secretary, Staff Redeployment Unit

Ms Julie McKinnon, First Assistant Secretary, Domestic Property Operations

Mr Vic Adams, Assistant Secretary, Asset Management, Domestic Property Operations

Mr Ian Woonton, First Assistant Secretary, Business Closures

Mr Ken Sweeney, Branch Manager, Removals Australia

Program 8—CGC

Mr Bob Searle, Secretary, Grants Commission

Program 10—OGIT

Ms Anne Steward, Acting Chief Commonwealth Information Officer

Mr Steve Fielding, Project Director

Mr Peter Anderson, Project Director

Mr Ian Barndt, Acting Assistant Secretary

Mr John Wilson, Director, Telecommunications

Program 11—OAS ITO

Mr Mike Hutchinson, Chief Executive

Mr Ross Smith, Executive Coordinator

Ms Gillian Marks, Executive Director

Mr Simon Lewis, Executive Director

Mr Jonathon Hutson, Senior Director

Mr Mark Heazlett, Senior Director

Mr Rod Whithear, Senior Director

Mr Tony Eaton, Acting Senior Director

Mr Robin Renwick, Acting Senior Director

Mr Greg Cunningham, Director

Mr David Yarra, Senior Director

Mr John Bridge, Senior Director

Program 7

Mr Oliver Winder, General Manager, Ministerial and Parliamentary Services

Mr John Gavin, Special Adviser

Mr Phil Gouldson, Branch Manager, Travel and Transport Services

Mr Peter Hamburger, Branch Manager, Policy and Projects

Ms Fay Styman, Branch Manager, Personnel Services and Client Liaison

Mr Sam Skrzypek, Branch Manager, Facilities

Graeme Holt, Assistant Director, Department of the Senate

Australian Electoral Commission

Program 12

Mr Bill Gray, Electoral Commissioner

Mr Andy Becker, Deputy Electoral Commissioner

Mr Mark Cuncliffe, First Assistant Commissioner

Mr Phil Skinner, Assistant Commissioner, Corporate Services

Mr Paul Dacey, Assistant Commissioner, Elections and Enrolment

Mr Ken Hunter, Acting Assistant Commissioner, Information Technology

Ms Ann Bright, Director, Parliamentary Elections and Enrolment

Mr Brian Hallett, Director, Information

Mr Brad Edgman, Director, Funding and Disclosures

Mr Paul Anderson, Director, Education

Mr Andrew Moyes, Director, Government and Legal, Australian Electoral Commission

Australian National Audit Office

Mr Ian McPhee, National Business Manager, Performance Audit Business Unit

Ms Gwyn Thompson, Executive Director, Audit Support

Mr Gordon Mackney, Chief Finance Officer

Mr John Meert, Group Director, Performance Audit Business Unit

Mr Michael Lewis, Executive Director, Performance Audit Business Unit

Mr Michael Watson, Group Director, Financial Business Unit

CHAIR—Today we commence our consideration of the budget estimates 1998-99 for the finance and administration portfolio. On 14 May 1998, the Senate referred to this committee the particulars of the proposed expenditure for the service of the year ending 30 June 1999, document A, and particulars of certain proposed expenditure in respect of the year ending 30 June 1999, document B, for the finance and administration portfolio. The finance and administration portfolio has the proposed expenditure of \$783,127,000 in document A and \$352,917,000 in document B.

I propose to proceed by calling on programs as they appear in the detailed program. For the benefit of *Hansard*, I remind witnesses to identify themselves in the first instance and to speak clearly and directly into the microphone. If necessary, by 6 p.m. the committee will determine

which agencies will be required to remain for examination this evening or, if there is a need, there will be a carryover for tomorrow.

I remind colleagues that this committee is continuing its inquiry into the format of the portfolio budget statements. As we go through the documents, you may wish to put on the *Hansard* record your thoughts on the PBS, whether they are clear and helpful or whether they are confusing and hard to follow.

I note for the record that questions on notice have been received from Senator Reynolds on 2 June of this year for subprogram 1.2 of the Prime Minister and Cabinet portfolio, social policy. If any of my colleagues would like copies of her questions, please ask the secretariat.

I welcome Senator Kemp and officers of the Department of Finance and Administration. Minister, do you wish to make an opening statement?

Senator Kemp—No.

CHAIR—First of all, are there any general questions on the finance and administration portfolio?

Senator ROBERT RAY—Could someone at the table inform me when the department completed its answers to questions taken on notice at the last estimates committee and on what date they were forwarded to the minister or ministers for clearance?

Mr Early—I think we completed the last question yesterday. We sent material to the minister's office prior to that, because we had completed the bulk of the work. My recollection is not better than that, but I can obviously take the question on notice if you would like.

Senator ROBERT RAY—What was the last question you completed?

Mr Early—My recollection was that it related to the release of some information that was correspondence from the former DAS department and Minister Jull.

Senator ROBERT RAY—That is funny. We got that one a week ago as well. I noticed the doubling up.

Mr Early—It seems our paper flow is not exactly perfect in that case.

Senator ROBERT RAY—Mr Early, do you think it presents some difficulty to this committee, which was in full session yesterday until 11 at night, to receive answers to questions asked in February at quarter past five yesterday?

Mr Early—Obviously we try to get the questions here as soon as we can. I appreciate the difficulty if they are late. I apologise for that.

Senator ROBERT RAY—It seems that we are alternating here. We were highly congratulatory of you last February for getting them in early and had to condemn PM&C for their faults. Now the departments have reversed.

Mr Early—Perhaps it went to our heads. We will endeavour to do better next time.

Senator ROBERT RAY—I think you should. We can go on as much as we like about discourtesy to the committee, but it is physically impossible if we were involved in an estimates committee hearing until 11 last night to read, absorb and formulate questions for today based on some of those answers. We poor senators are capable of dealing with it, but not in that timetable. What you are saying basically is that these were not holed up in the minister's office as in some other instances.

Mr Early—I do not believe so.

Senator ROBERT RAY—That is good. Senator Kemp, there is no scolding for ministers here other than to say that you should be more diligent in getting these answers out of the people.

Senator Kemp—Senator, as you know, we will always try to assist this committee in any way we can.

Senator ROBERT RAY—I know that you are working to your full ability, Senator. Thank you.

Senator SHERRY—Mr Early, why don't you forward to the committee the questions as you formulate an answer, rather than hold all of them back until you have an answer for everything?

Mr Early—I think that is a fair question, Senator. We can look at that. Historically, we have done it the other way. If we have circumstances such as we have had on this occasion, we will look at whether we can perform better.

Senator Kemp—I think that is a fair comment. I have noticed in my own paper flows that sometimes everything is held up until they are completed. It seems to me that, in the typical range of questions, some will be able to be quickly responded to and some will take some time. I think that does make sense.

Senator SHERRY—There are two pages 8, which are duplicates. The top of it has 'draft'. This is the document that I was presented with late yesterday afternoon. I assume that that is the final page. These are answers with respect to questions on notice by me.

Mr Early—Yes. The word 'draft' is a mistake. It should have been taken out obviously before it was sent. The numbers at the bottom were simply a device to enable us to track things. They are not relevant. You will notice that there are some a's and b's on the way through as the document was being assembled. The numbers have no significance.

Senator ROBERT RAY—Perhaps Mr Early or Mr Goodwin would like to address this general question. Having put a budget in place, there will always be additional government decisions to add expenditure in that particular financial year. Does the department of finance keep a running tally on a week-by-week or a month-by-month basis of additional expenditure as it comes up?

Mr Goodwin—Yes, we do.

Senator ROBERT RAY—Was the department of finance involved in preparing an answer that Senator Kemp was to place on the record in terms of a question that I asked him in the parliament on notice about additional government expenditure? Did the department of finance or the Department of the Treasury provide that answer?

Mr Goodwin—I do not know anything about that question.

Senator ROBERT RAY—Do you know, Minister?

Senator Kemp—I remember the question. If I am not mistaken, it was on the last day of sitting.

Senator ROBERT RAY—I think so, yes.

Senator Kemp—I think it related to expenditures that had been incurred since the last budget. I think the answer to that is essentially in the midyear economic review, which is tabled in December. If my memory serves me correctly, further details are included in budget paper No. 1.

Senator ROBERT RAY—I think that is what the answer said. I am asking which department, if any, prepared that for you.

Senator Kemp—That is the answer. I am, frankly, not sure.

Senator ROBERT RAY—I am asking because it goes to the smart alec nature of the answer. I am trying to get an answer to the question. I am just asking whether I should pursue this with the department of finance or the Department of the Treasury.

Mr Early—We can take that on notice. The people at the table have no recollection of the Department of Finance and Administration being involved. Obviously we cannot state to you that we are absolutely sure that we were not.

Senator Kemp—As I remember, Senator, I thought it was rather a smart alecky question, which in these cases tends to produce—and you have been a minister—a certain type of response.

Senator ROBERT RAY—Let me contest that. Now that you want to raise it, I point out that you were asked how much additional expenditure the government had incurred since its last budget. That is a totally legitimate question. It is even more legitimate in projecting—if that is the amount that was done in 1997-98 and you are claiming a surplus for 1998-99—what we might expect in additional government expenditure in that period to eat into the so-called projected surplus. It was a totally legitimate question.

I do not mind if you say, ‘We refuse to answer it.’ But if you say, ‘Have a look at the mid-year review and have a look at the budget papers when they come out in a few days’ time and work it out for yourself’—well thank you for that—then you will get some gratuitous advice. The department does not recall answering it. I suspect that they had not; I suspect that this is more a Treasury-type answer than finance. I am simply trying to establish that. Mr Early, could you take that on notice and let us know whether the department prepared the answer or not.

Mr Early—Certainly.

Senator SHERRY—I turn to the responses that I got yesterday afternoon. I asked whether the government has been asked to cost the ALP platform and any election commitments and, if so, by whom. An answer was given about costings on an ongoing basis. Which area of the department and which officers are responsible for the costings?

Mr Early—If the department were asked to do costings, that would be the responsibility of the budget group.

Senator SHERRY—And to whom does it go in the budget group?

Mr Early—If the department were asked to do costings, that would normally be the responsibility of the general manager of that group, Grant Hehir.

Senator SHERRY—Is he here?

Mr Hehir—Yes.

Senator SHERRY—In answer to the question I asked it was stated that, consistent with the practice established under previous governments, the Department of Finance and Administration costs, at the request of government and on an ongoing basis, outlay proposals put forward by a range of groups, including political parties, business groups and community organisations. Can I take it from that answer that, yes, you have costed ALP platform proposals?

Mr Early—I do not think you can take it from that answer, no.

Senator SHERRY—So the answer is no?

Mr Early—No, the answer is that you cannot reach the conclusion you are suggesting from the answer we have provided.

Senator SHERRY—What is the answer to my question—yes or no?

Mr Early—With regard to the substance of advice we have given to government, we really are in some difficulty in talking to you about that.

Senator SHERRY—I am asking whether you give advice, not the substance.

Mr Early—Obviously, we give advice if we are requested.

Senator SHERRY—So the answer is yes?

Mr Early—The answer is: if requested, we give advice, yes.

Senator SHERRY—Have you been so requested?

Senator Kemp—I am not aware that a request has been made. I am not aware of what has been done. I am happy to take it on notice and see whether there is any information that we can provide to you. My understanding is that in the past previous governments have sought costings of platforms and opposition policies. My understanding is that that has occurred in the past. I am not sure precisely what has occurred on this occasion. I think the best thing I can do is to take it on notice.

Senator SHERRY—Mr Hehir is here.

Senator Kemp—Mr Early said that advice to government is a matter for governments to respond to. I am not resisting the question. I do not have the information at hand. I will seek the information from the minister and he will make a determination as to what he is prepared to provide.

Senator SHERRY—This question has been on notice since 25 February. Why are you again taking it on notice?

Senator Kemp—I am not in a position to give you a comprehensive answer.

Senator SHERRY—It needs only a yes or a no answer.

Senator Kemp—In this position, I would prefer to get the responsible minister to provide advice to the committee. It is entirely up to him. It is not for me to prejudge what he might wish to say.

Senator SHERRY—But we have the responsible public servant here. Why can't he indicate whether this work has been done?

CHAIR—Senator, the minister has given a statement on behalf of the government. I think that is it. You cannot pursue it any further.

Senator SHERRY—I will pursue it further. In finding out whether the answer is yes or no, I would also like to know whether or not we are talking about the ALP platform as defined by decisions at our national conference and also other announcements outside the ALP platform. I notice, Minister, you have given some alleged costings in answers to questions. Certainly, Senator Herron gave us an answer to a question from your own backbench about health.

Senator Kemp—That is a fair comment. I think I have given some costings in response to some estimates. Again, I will have to check.

Senator SHERRY—That would seem to indicate that some costings have been done.

Senator Kemp—Someone has provided some costings; that is correct. But we would have to check who that was.

Senator SHERRY—Otherwise you would be getting up in question time and indicating that you had no costings.

Senator Kemp—I noticed that no-one stood up and queried the figures that I gave.

Senator SHERRY—It is a bit hard; you are the only one who can talk in question time.

Senator Kemp—Senator, I have noted that you have never been loath to have your say.

Senator SHERRY—While you are looking at that, will you please take on notice the list of business groups and community organisations that you also evaluate? I assume 'political parties' does not just include us. Do you cost the Australian Democrats, the National Party and One Nation?

Senator Kemp—We will take that on notice.

Senator SHERRY—I had a couple of other questions relating to matters arising from answers given yesterday. Is it better to deal with those now or under the various program areas?

CHAIR—If they relate to program areas, it would be better to deal with them when we come to those programs. Right now, if there are any further general questions, I am happy to deal with them now, otherwise we should move down the programs.

Senator SHERRY—I think this is more of a general question: could someone from the department look at a couple of pages that I want to draw your attention to in respect of the social security portfolio? Do you have a copy of the document there? There are a couple of pages that I want to ask you about in the social security portfolio. I have some queries arising from yesterday's estimates in relation to the social security area.

Could I draw your attention to page 104. This issue was the subject of questions yesterday and apparently caused some concern. I do not have a copy of the answers in front of me, because the transcript is not yet available. I refer to page 104. There was some difficulty in outlining 'superannuation', which comes under running costs. The nature of the answer was such that these columns of figures were prepared in accordance with Department of Finance and Administration guidelines. It lists 'superannuation' and then 'salaries and payments in the nature of salaries'. You have the budget figure of 4.6, then a revised appropriation going up to 5.3, then the outcome, which was 6.3, and then the budget for 1998-99 of 1.4. Can you explain what that means? For example, do those figures just relate to superannuation, or do they relate to salaries and payments in the nature of salaries?

Mr Hehir—I think we would have to take that on notice.

Senator SHERRY—You might also look at the figures in the column on administrative expenses. Obviously, that flows down to affect the subtotals. Then on page 118, there are similar concerns in respect to running costs there—the superannuation subprogram, the administration expenses, property operating capital. We would like an explanation of how those figures are arrived at. There is a significant variation between the budget in 1997-98 and the revised appropriation and then the budget for 1998-99.

Mr Hehir—The document is the Department of Social Security's document, but we can discuss it with them. The major variation in the Department of Social Security running costs related to the establishment of Centrelink, which moved it from an appropriation item to a section 35 receipt.

Senator SHERRY—Yes, there was some discussion about that yesterday. I do not think that they were trying to ballpark it to you, but they did indicate that you had provided guidelines in respect of the establishment of Centrelink and the merger of programs. We would like some explanation of how these figures are arrived at. I certainly would not like to have to wait three months. The next day or two would be helpful, because I understand that the estimates committees had to put this issue aside. So some expeditious liaison would be appreciated.

CHAIR—As that completes the general questions, we will move on to program 1.
[9.27 a.m.]

Program 1—Budget

CHAIR—Any questions?

Senator SHERRY—On the issue of the budget, what input does the department of finance have in respect of the proposed sale of Telstra and the parameters that are outlined in budget paper No. 1?

Mr Hehir—Could you repeat the question?

Senator SHERRY—The budget parameters for the sale of Telstra are outlined in budget paper No 1. What input does Finance have in respect of those budget parameters?

Mr Hehir—This is the sale parameters?

Senator SHERRY—Yes. Let us take budget paper No. 1, page 1-13. Commonwealth general government net debt is shown there with estimates as a percentage of gross domestic product.

Mr Hehir—The Department of Finance and Administration is involved in consultation with other relevant departments in the production of the estimates.

Senator SHERRY—Let us assume that the remaining two-thirds of Telstra is sold and some proportion—we do not know what yet—goes towards the repayment of debt. There would, presumably, be a range of financial instruments that the debt is repaid on—government borrowings. What interest rate is used for the calculation of the repayment of the debt—the reduction in interest payments?

Mr Hehir—The Department of the Treasury is responsible for debt issues.

Senator SHERRY—Okay. What did you contribute, then, to the underlying budget estimates in respect of this sale of Telstra—the estimated sale price?

Mr Hehir—We were involved in discussions with the relevant agencies over those types of issues which related to outlays and net outlay impacts.

Senator SHERRY—And those government agencies are, obviously, Treasury, but any other government agencies?

Mr Hehir—OASITO.

Senator SHERRY—The outline of non-taxation revenue in budget paper No. 1 on page 5-12 has 'dividends and other' as non-taxation revenue. The breakdown of GBEs and the Reserve Bank of Australia—it lists those. Do you have details of what each of them provides in the 1998-99 estimates?

Mr Hehir—The estimates that make up that are based upon broad estimates of the likely outcome of those dividends.

Senator SHERRY—Yes, I understand that.

Mr Hehir—And the break-up is not published.

Senator SHERRY—And you are not prepared to provide a copy of the 1998-99 estimates?

Mr Early—We can only take that question on notice. We obviously do not have the authority to release that.

Senator SHERRY—Okay. Could you provide me with the 1997-98 and 1996-97 figures as well?

Mr Early—Yes, we can.

Senator SHERRY—Have they been published? I assume they would be published.

Mr Hehir—The breakdown is not published in the budget document.

Senator SHERRY—But it would be in the annual report, would it not?

Mr Hehir—Yes.

Senator SHERRY—Could you provide that to me, please?

Senator Kemp—Mr Chairman, I just have to make an urgent call. I think that I will be about 10 minutes. I know that Senator Sherry never gets political, but if there are any political issues that he wishes to deal with, could he kindly wait until I return?

Senator SHERRY—Every question I ask has some political spin on it, Senator Kemp.

CHAIR—That is fine.

Senator SHERRY—I am sure that the chair will keep me in order.

CHAIR—That is fine.

Mr Early—Could I just clarify exactly what you are requesting? There is a figure in each budget, of course, which is the outcome for the preceding year, which at this stage is obviously an estimate because the year has not finished.

Senator SHERRY—Yes.

Mr Early—We can obviously provide you with that. I would have thought that there is no difficulty in providing, at least where it is public information, a breakdown of that by actual amounts. We can provide you with the figures that were provided in the budget. Is that the sort of data that you are seeking?

Senator SHERRY—Yes.

Mr Early—Okay.

Senator SHERRY—But I want a breakdown of the 1998-99 estimate.

Mr Early—We will take that on notice.

Senator SHERRY—For each of those corporations listed there.

Mr Early—Yes.

Senator SHERRY—What assumption have you made about the time frame for the proposed sale of the remaining two-thirds of Telstra?

Mr Hehir—The estimates are based on assumptions over the sale. Those assumptions are best estimates put together and, because of the commercial nature of them, we are not disclosing them at this stage.

Senator SHERRY—So you are not disclosing whether or not the remaining two-thirds is sold in one hit or in a number of tranches?

Mr Early—That is correct.

Senator SHERRY—Just looking at table 1.13, I think it could be rationally assumed that there will be a number of tranches—at least two, by the look of it.

Mr Early—You are obviously free to draw such conclusions.

Senator SHERRY—Do you think that is a rational assumption?

Mr Early—I would never accuse you of making an irrational assumption.

Senator SHERRY—But I think in this case it would be rational. So you do not want to make any comment about that?

Mr Early—We are not in a position to do that. Until the government has released that information, obviously we are not in a position to do so.

Senator SCHACHT—Mr Early, were you involved in the discussions with the office of asset sales, Treasury, about setting the fees that would be paid from the sale of Telstra to the sharebrokers, the people doing the analysis, et cetera?

Mr Early—This is from the tranche—

Senator SCHACHT—It is in the budget papers that about \$560 million or \$580 million is being set aside all up to pay for the cost of the further two-thirds privatisation of Telstra. In the legislation the figure is set at two per cent of the gross proceeds from the sale of Telstra. If someone says it is \$40 billion, then two per cent is \$800 million. Were you people involved in discussion about, firstly, setting the two per cent in the legislation or, secondly, setting the figure at around \$540 million or \$560 million?

Mr Hehir—The answer to the second part of the question is yes. We were involved in the discussion for the budget estimates.

Senator SCHACHT—But you were not involved in the two per cent figure being set in the legislation?

Mr Hehir—I am not aware. I cannot answer that question.

Mr Early—Primary carriage of that is with OASITO.

Senator SCHACHT—I am sure Mr Hutchinson, being the ubiquitous person that he is—he seems to be everywhere at all times, selling everything he can get his hands on—has probably had some discussions with you people in Finance, because he has got the same minister, has he not?

Mr Early—He has the same minister, yes.

Senator SCHACHT—But you do not have any dealings with him?

Mr Early—I meet with him quite frequently. I personally have had no dealings with him on the issue that you raised.

Senator SCHACHT—Can you assure me that no-one in Finance discussed with Mr Hutchinson the drafting of the legislation?

Mr Early—No, I cannot assure you of that.

Senator SCHACHT—Could you take that on notice?

Mr Early—Certainly.

Senator SCHACHT—Could you also take on notice whether any of you in Finance, in view of your usual parsimonious attitude towards expending a cent anywhere, thought a general

figure of two per cent was exceedingly generous to have written in the legislation. If it is \$40 billion, that is \$800 million. If it is \$50 billion, it is a billion dollars.

Mr Early—That is not an area where I have expertise, so I really cannot comment.

Senator SCHACHT—Mr Early, I know you cannot do everything in the department, but could you take on notice whether there were any discussions amongst the relevant officers of the finance department, expressing a view about the two per cent?

Mr Early—I am happy to take that on notice.

Senator SCHACHT—In other areas where there have been asset sales in recent years, has the Department of Finance and Administration expressed a view that a two per cent figure is too generous?

Mr Early—Again, I am not aware of any such expression and I will take the more general question on notice.

Senator SCHACHT—Would \$800 million be the biggest flat fee ever paid by the Commonwealth government to any body for the sale of any asset in Australia?

Mr Early—It is really a hypothetical question.

Senator SCHACHT—You can check the record.

Mr Early—Let me make the point that, as I understand it, the two per cent is a ceiling rather than a fee. I may have that wrong—

Senator SCHACHT—The legislation says two per cent—

Mr Early—Senator, if I can just explain, it might be helpful. My understanding is that it sets an upper limit. If you are asking us, ‘Has there ever been a fee paid of more than \$800 million?’ then, as far as I am aware, there has not. But as to whether \$800 million is to be the fee, I do not believe that we are in a position to comment on that, nor do I believe anybody else is.

Senator SCHACHT—But under the legislation it is allowed.

Mr Early—Again, that is not my area of expertise, but I do not contest that at all.

Senator SCHACHT—It is a simple statement of fact, is it not? The legislation allows for two per cent of the gross proceeds from the sale. If it is \$40 billion it would be \$800 million, and \$40 billion has been speculated as the value of the remaining two-thirds of Telstra. So it is not an unreasonable calculation to say that two per cent of \$40 billion is \$800 million.

Mr Early—I am certainly prepared to agree that two per cent of \$40 billion is \$800 million.

Senator SCHACHT—In respect of what you have just taken on notice, you might care to provide—I will put this to Mr Hutchinson and between you, one way or the other, you will provide us with the answer—a table of what were the total fees paid for the various privatisations that took place over the last decade and a half, both the percentage in the legislation and the amount of money that was actually paid.

Mr Early—There is some question whether that is best directed to us or OASITO, but we will sort that out with them.

Senator SCHACHT—But you will sort it out with Mr Hutchinson?

Mr Early—Yes.

Senator SHERRY—Just on a related issue, I was looking at the audit activity report from the audit office. I note that on page 71 it says in relation to GBEs, ‘On average, the businesses

produced a 12.8 per cent return on assets in 1995-96.' I must say I was a little surprised that it was that high, but do you have any comment to make about the 12.8 per cent return on assets on average for all government business enterprises? Do you think that is a good figure?

Mr Early—That is better asked, if you would not mind, when we get to the RMF group because we will have our experts here who can discuss that with you. At the moment we would be a bit short on that issue.

Senator SCHACHT—In the budget papers I think \$540 million or \$560 million has been set aside for fees for the cost of selling the remaining two-thirds of Telstra. It is something in that range. I just want to get the correct figure.

Mr Hehir—It is \$580 million.

Senator SCHACHT—There is a big difference between \$580 million and \$800 million. Why was the figure set at two per cent, which could be as much as \$800 million, when the budget papers say only \$580 million?

Mr Hehir—I think that question might be better addressed to OASITO.

Senator SCHACHT—When the one-third privatisation took place I think the fees ran into a couple of hundred million dollars. Is that not correct?

Mr Hehir—Again, I think that question is better directed to OASITO.

Senator SCHACHT—When that privatisation was completed, was Finance involved in any sort of review or assessment of the efficiency of the process of the one-third privatisation?

Mr Early—I do not think we have, but again it is probably best asked when we have our RMF group here to be sure.

Senator SCHACHT—In view of the fact that you always look at everybody's expenditure and make sure that the government is getting good value for taxpayers' money, was there any assessment by or internal discussion in Finance about the process of privatisation and whether the money paid out to the stockbrokers and the people who did the due diligence and the scoping studies—there is a pile of paper about 10-miles high on all of this—was money well earned?

Mr Early—I think the assumption you make is not one that I would agree with. These days Finance does not crawl over every item of expenditure of every agency and review everything. We simply do not—

Senator SCHACHT—I beg your pardon? You do not crawl over every agency? That was not my experience as a minister. You crawled over all of us at 100 miles an hour. You did it with delight and enthusiastically. You sent your staff down to my department and over to my office. It was like you wanted to drag teeth out of people.

Mr Early—Perhaps we do it more rigorously to the problem departments.

CHAIR—Maybe that is a reflection on you as a minister.

Senator SCHACHT—I know that all my ministerial colleagues suffered the same experience at some stage or other.

Mr Early—Again, you would be better asking Mike Hutchinson about—

Senator SCHACHT—No, I would not be better asking him; I am asking you, Mr Early. In the department of finance there was a considerable expenditure of money, running into several hundred million dollars, to pay for the services of a range of people—I am not arguing that they were not legitimately required to do the job—to sell the one-third of Telstra. I am

asking whether there was any internal discussion—at least within the department after it was all completed—to assess whether the government got good value for the money it paid for those services.

Mr Hehir—I think the answer would be that we would use our normal quality assurance approach to expenditure that we do for all areas. That would involve an overall assessment of the expenditure in comparison with our own experience of what would be effective expenditure and looking at the overall accountability framework, for instance, whether the Auditor-General was doing a review of that process. That would be the type of approach that we would adopt.

Senator SCHACHT—No, the Auditor-General is making sure that someone did not put some of the money into a bag and disappear to the Riviera—or Majorca—for the rest of their life. That is making sure that the money was correctly spent in terms of the legality of the legislation. They make general comment on it, and I agree that that is their job. However, I would have thought that the department of finance in itself in your own ethos, which is pretty well known, might have had a passing interest to say, ‘Well, this was several hundred million dollars.’ You would be saying that, if you could have reduced the fees, you would have increased the money available to the government—the revenue available to pay off public debt, which was the rationale for the government’s decision. You made no comment about that?

Mr Early—The Auditor-General does, of course, undertake performance audits. It did so at the sale of the Commonwealth Bank, for example. Whether something is proposed for the first tranche of Telstra, I do not know. One of the reasons we have a difficulty is, of course, that within the operating groups of Finance we have budget officers who will be thinking about and looking at expenditure items. There has been no formal assessment or formal analysis in the department of finance which has come to my attention or, I think, which has come to the attention of either of my colleagues. It would be extraordinary to think there have not been conversations on this issue, but I am not personally aware of them, and certainly nothing formal has been commissioned by the executive or the—

Senator SCHACHT—Mr Hehir, you said that there was a normal quality assurance process. Does that lead to some document being produced or is that a quality assurance process of telephone calls between some officers?

Mr Hehir—It would only lead to a document being produced if that was deemed necessary upon looking at the information.

Senator SCHACHT—Was it deemed necessary?

Mr Hehir—Not to my knowledge.

Senator SCHACHT—Could you take that on notice? You have a quality assurance system. What I understand of quality assurance is that you have processes that record in the quality assurance arrangements. That is what it is all about: it is a traceable process so that people can go back and check that the trail and the quality has been maintained. So if you do have a quality assurance process, would you just double-check that some notes were not prepared?

Mr Early—We are happy to do that.

Senator SHERRY—Just on this issue, when Mr Hutchinson is proposing an asset sale, after being instructed by the government, and there are negotiations in respect of the various financial and legal institutions that will handle the sale of the asset and then contracts are entered into about the price of the commissions and the costs involved, do you check that detail? Do you oversee it?

Mr Early—No, that is not the role of Finance and Administration in my view of the world. The process—and again, you really would need to talk to Mr Hutchinson about detail—of selecting managers, bankers and the like for asset sales is a competitive process.

Senator SHERRY—I understand that. I have been through this with Mr Hutchinson, but do you see copies, for example, of the proposed contracts that are to be signed?

Mr Hehir—Not as far as I am aware.

Mr Early—It is a normal process where Mr Hutchinson is in the same position as a senior manager in another agency; they have obviously got the authority and responsibility of managing that process, and we do not look over their shoulder.

Senator SHERRY—I know that Mr Hutchinson would send details to your minister—in this case Mr Fahey. Have you ever been asked advice about the contractual detail that is to be entered into on the sale of an asset separately from Mr Hutchinson?

Mr Early—We are trespassing into the area where it is very difficult for us to be of assistance—that is, the area of advice we might or might not have given to government. Let me make a general point that ministers obviously consult their department and secretary on major issues. That is not an unusual phenomenon, but I really cannot help you very much in terms of the particular question.

CHAIR—I am just wondering whether you want to defer the questions on asset sales until Mr Hutchinson is here this afternoon.

Senator SCHACHT—I take your point, but once these characters disappear, we do not get them back. Then we have to wait another three or four months. So I just want to make sure—

CHAIR—Mr Early will be here.

Senator SCHACHT—All the time, will he?

Mr Early—I was not proposing to stay for Mr Hutchinson's evidence—it is a separate agency.

Senator SHERRY—It might be useful if you would stay.

Senator SCHACHT—I think it might be useful if, when Mr Hutchinson is present, you are as well as a senior officer from the department, as I see from the list. I have to say, Mr Early, that I am somewhat surprised that you keep giving the impression that you and Mr Hutchinson run an absolutely separate ship and that there does not seem to be much communication between you. I find that strange in my knowledge of how Finance usually operates. You have your fingers in everything—with good reason, I have to say, because that is your job. You said that you have not done any assessment other than the quality assurance route of the performance in the sale itself. Apart from Mr Hutchinson's own area—and I will ask him about this—are you aware of any other agency doing a review of the performance of the sale of the one-third?

Mr Early—No, I am not aware.

Senator SCHACHT—You are not aware that a government department either did it internally or employed a consultant to advise it in review afterwards?

Mr Early—I can only repeat that I am not aware of any.

Senator SCHACHT—You are not aware of anything inside Mr Hutchinson's mob, which is called OASITO or something?

Mr Early—I think it is pronounced a number of different ways by different people.

Senator SCHACHT—If you put an ‘h’ in the wrong spot, you might end up with what would be a very appropriate word according to some of us, but nevertheless we will not get into that. You are not aware that they have done any review up to the present?

Mr Early—I am not aware.

Senator SCHACHT—When the one-third sale took place, when the government first set a figure of \$7 billion or \$8 billion at the election, it was estimated that the value of Telstra was around \$28 billion and a third was about \$7 billion or \$8 billion. By the time the float took place, it brought in about \$14 billion and, therefore, made the value of Telstra something over \$40 billion. Yet, rapidly after the float, the share price has now gone to a level that means that Telstra is probably valued in the mid \$50 billion range or even as high as \$60 billion. The floated price may well have undersold the government’s asset by getting only \$14 billion. The government might have been able to get \$16 billion to \$18 billion and picked up another \$2 billion or \$3 billion. In view of Finance’s reputation for always making sure to get good value for government revenue and government assets, et cetera, do you have a concern that the taxpayers of Australia lost several billion dollars on the float?

Mr Early—I have no competence to comment on that, Senator.

Senator SCHACHT—You have no competence to express a view about a decision of government that may have accidentally cost the taxpayers \$3 billion or \$4 billion? I am not saying that that occurred by conspiracy, but accidentally. I always choose a stuff-up rather than a conspiracy first when things go wrong in politics or in government. That the taxpayers actually lost \$3 billion or \$4 billion that could have been used to pay off more debt does not concern you as a finance department?

Mr Early—I was simply saying, Senator, that I have no access to information that would enable me to make an informed comment on that. You are putting a proposition. I am, if you like, declining to comment on it.

CHAIR—Senator, I think—

Senator SCHACHT—No, Senator Gibson, in the general administration of Finance, quite rightly they are there to advise the minister and the government on a range of issues to ensure that the government gets the best value in administration policy terms for its dollar. Here is a decision taken by the government to float. That is one decision. Whatever the ideological argument about that, that decision was taken. Once it was taken, no matter which side of politics you are on, you would want the taxpayer to get the fullest value for that asset that could possibly be achieved. In view of the subsequent share price it went to, there is real evidence that the shares were floated at too low a value, to the loss of the Australian taxpayers. I was wondering why Finance would not have an interest. I would have to say that if someone in any other government department suggested that they were going to drop \$3 billion or \$4 billion off the value of something resulting in a loss of revenue, I am sure Finance would put a submission to its minister to say, ‘Hang on a moment; let us have another look at this.’ This is something that has never concerned you?

Mr Early—I can only repeat that it is not something upon which I believe I have professional competence to make assumptions.

Senator SCHACHT—Is that you personally, or does the department have some professional competence generally to say, ‘We may have got this float process wrong for the first one-third. We have undersold it. The Australian community has lost several billion dollars’? Is that something that Finance itself would not have a view about?

Mr Early—Senator, I can only repeat what I have said already. The difficulty with my responding to what you are saying is that the proposition you are putting contains a number of implicit assumptions, which may or may not be valid. The most obvious one is that, in relation to the share price of Telstra, selling a third of Telstra now would be at whatever the market price of Telstra is now. That is an unprovable proposition. I do not know. I cannot comment on it. If you want to ask us to take the question on notice, I can see whether there is anything we can say. Other than that, I really cannot help you.

Senator SCHACHT—I have to express some modest amazement that there has not been some discussion in Finance in view of the role that you perform in running a thumb over everybody to ensure that, in policy terms, the taxpayers' interests and the community's interest get best value for the dollars expended—in this case, the return on the sale of an asset. If you do not provide that advice, which other government department might I ask the same question to that could provide some comment about this, or are all government departments blind on it?

Mr Early—As I said to you earlier, the Auditor-General did do a performance audit of the Commonwealth Bank sale. I will ask my colleague to comment.

Mr Bartos—It is worth adding, Senator, that this was an issue that was canvassed at some length in the recent hearings of the Senate committee inquiry into the legislation for the second sale of Telstra.

Senator SCHACHT—It always comes around twice, does it not, Mr Bartos?

Mr Bartos—That is right, Senator. I think the issue was fully canvassed in that. There is nothing that we can add to the evidence that was provided in that hearing.

Senator SCHACHT—We did not get much evidence at all, Mr Bartos, with all due respect. That is why I am here again having another go with the deputy secretary. I did not get much joy, comfort or information from the Senate committee hearing on the sale of Telstra, so I thought that, with a full range of suspects from Finance turning up, I might have some better luck. It appears not.

Mr Bartos—I appreciate that, Senator. We answered it as fully as we were able to then and there is not much that we can add at this stage. The story is the same.

Senator SHERRY—Has Finance ever provided an assessment of, firstly, whether the return on sale is reasonable or not, and, secondly, the costs associated with the sale? Have you ever provided any advice on any privatisation to date in those two areas?

Mr Bartos—That again goes to the issue of the provision of policy advice to ministers, which we do not canvass in these hearings.

Senator SCHACHT—I said to your good colleague Mr Hutchinson when he was before the same committee that he may be the only public servant I know in Australia who, when in charge of the process of an asset sale, took a number of decisions that may have cost the Australian taxpayers \$3 billion or \$4 billion, which is no mean achievement. I do not know of any public servant who has been in charge of a process that has cost the taxpayer so much. I remind you, Mr Bartos, that two years ago when we had the hearings on the sale of one-third of Telstra, there was evidence before the committee, which was disparaged by the government, saying that Telstra is worth \$55 billion to \$60 billion. Everybody said that the evidence from Professor Quiggin on that was bizarre, wrong and stupid. He actually has turned out to be correct—he is the only person who gave evidence who has. Finance, the Office of Asset Sales and everybody else who turned up completely underestimated the value that the share market

would place on Telstra. I would have thought that it is not unreasonable to expect that the Department of Finance might want to make sure that for the two-thirds sale you get it right and make sure that the taxpayer does not take a bath again.

Mr Bartos—We responded not only in that committee but also there were a number of questions that were placed on notice in relation to that, which, from memory, we provided fairly extensive answers to.

Senator SCHACHT—Extensive answers—they were the usual obfuscation, fog, dust, smoke and mirrors around—

CHAIR—Senator—

Senator SCHACHT—That is true.

CHAIR—You are making judgments about it.

Senator SCHACHT—Well, that is my judgment—

CHAIR—That is not the purpose of these hearings.

Senator SHERRY—Mr Bartos, I am not asking you to provide us with the details of the advice. In light of your response to my previous question, I would like to know whether the finance department, outside Mr Hutchinson's unit, provides advice to ministers on those two critical areas. I do not want to know the nature of the advice. I would like to know whether you provide it and whether you have any input.

Mr Bartos—As we indicated to the other committee inquiry, the prime carriage of this rests with the Office of Asset Sales and IT Outsourcing and with Mike Hutchinson, the CEO of that organisation. In terms of whether we provide advice on the operations of that as a department, we provide advice on a whole range of issues and it is not really appropriate to comment on whether or not we concentrated on that area.

Senator SHERRY—I am not asking specifically in respect of the one-third sale of Telstra. Have you provided advice concerning those two themes I asked about in respect of other asset sales—yes or no?

Mr Bartos—All I am in a position to say is that we provide advice to ministers on a range of issues from time to time. I cannot go into any more detail than that.

Senator SCHACHT—Mr Early or Mr Bartos—one of you might know; and I accept the fact that cabinet confidentiality rules apply—I presume as a natural matter of course, irrespective of the minister's view, that before the government made the announcement that it was going to privatise the remaining two-thirds of Telstra in the biggest privatisation and float in Australia's history, the Department of Finance provided coordinating comments in the cabinet decision on the overall decision to privatise the remaining two-thirds. It would have been a matter of course that you would have done that, wouldn't it?

Mr Early—As you are aware, the Department of Finance and Administration provides coordination comments on virtually all cabinet material that entails outlays. So to the extent that there would have been any in this case it would be reasonable to presume that we would have provided some sort of comment. But that is really all I could helpfully say.

Senator SCHACHT—So we can anticipate that under normal circumstances with a cabinet decision of this magnitude—it is not an insignificant decision; it is not \$1 million or \$2 million, it is a big decision—the central agencies, as we call you, would have provided coordinating comments.

Mr Early—There is a technical issue in respect of departments providing coordinating comments on a matter that is taken to cabinet by their own minister. As you would be aware, that is longstanding.

Senator SCHACHT—Could you say that again?

Mr Early—I will try to talk a bit louder. I was simply pointing out the longstanding practice that portfolio departments and agencies do not provide coordinating comments on their own minister's submissions. So if there were any submission carried forward by the Minister for Finance and Administration, consistent with that—

Senator SCHACHT—But as an issue for the Minister for Communications, the Information Economy and the Arts—the minister responsible for Telstra—I presume the natural course would be that you would provide coordinating comments on an issue of this size?

Mr Early—Yes, it would be normal for the Department of Finance and Administration to comment on an outlays proposal from the Minister for Communications, the Information Economy and the Arts.

Senator SCHACHT—Mr Bartos, this may be relevant to you or someone else. You may not agree with this completely. Some would argue that the underselling of one-third of the Telstra asset may have cost taxpayers billions of dollars. Is that a matter of concern that Finance would keep its eye on before the sale of the remaining two-thirds? Would you want to make sure that taxpayers got full value for the proceeds of the sale of the remaining two-thirds?

Mr Early—Without in any way conceding some of the propositions in that question, Finance would play an appropriate role in a future government action of that size.

Senator SCHACHT—You have people in your department who are dedicated to providing that advice and keeping an eye on these sorts of matters for Telstra—telecommunications and so on?

Mr Early—We have two groups in the department that have expertise in those general areas. In the budget group, obviously, we have people who, as you know, oversight the budgets of particular agencies. In Stephen's group we have a Commonwealth Shareholders Advisory Unit—I think I have got the term technically correct—which provides advice to our minister on shareholder issues relating to GBEs.

Senator SCHACHT—In respect of the one-third sale, the government made big efforts to say that it would allow up to one-third of that one-third to be sold to foreign shareholders, supposedly to encourage foreign people with expertise in telecommunications to add value to the management of Telstra and so on. When the shares were issued, a number of investor companies in America in particular took an allocation of shares under the arrangement and, as soon as they were listed, they immediately sold out and took, by any definition, a considerable profit. Do you express any concern to the government that this should not happen again, in view of the fact that up to 35 per cent of the full privatisation of Telstra can go to foreign interests? Do you express concern that a killing should not be made by foreign investors who have absolutely no interest in the development of a comprehensive, decent telecommunications system in Australia?

Mr Bartos—Again, without agreeing or disagreeing with the premises behind that—and we need to indicate that whether we will provide policy advice at some stage in the future is not something that we will comment on here—I would also indicate that to the extent that your

question relates to the conduct of the one-third sale of Telstra, that really rests within the responsibilities of the Office of Asset Sales and IT Outsourcing.

Senator SCHACHT—I have a lot of questions for Mr Hutchinson, haven't I? So Finance is totally separated from all of this? It is almost as though you are dysfunctional on these issues.

Senator Kemp—We are just saying that there are other areas where these questions can be pursued. We invite you to pursue them there, if you wish to.

Senator SCHACHT—I certainly will. I wish now to turn to another area of policy concerning revenue received in a sale, namely, the government's decision to introduce digital television in Australia. I do not know whether you, Mr Early, have any idea about this or whether someone in your department is present who provides advice to you or the minister concerning broadcasting issues.

Mr Early—We have difficulty in addressing those issues here. They are obviously the responsibility of another agency, not this one.

Senator SCHACHT—About two or three weeks ago, an article appeared in the *Australian Financial Review* which listed six departments or agencies of the federal government whose coordinating comments were in complete opposition to the final decision that the government took to provide the spectrum to the existing free to air television operators without any auction and without any extra licence fee. There was very strong comment from, if I remember correctly, Treasury, Finance, PM&C, office of asset sales, a regulatory body and one other that I cannot remember. I think there were six. Do you recollect the article?

Mr Early—I recollect the article, Senator.

Senator SCHACHT—Is the article basically correct?

Mr Early—I cannot comment on something that purports to be a leak of cabinet material, obviously, Senator.

Senator SCHACHT—But it was a leak, it said, from the finance department.

Mr Early—I cannot comment on something that purports to be a leak of cabinet material, obviously, Senator.

Senator SCHACHT—So you chose not to write a letter to the editor of the *Australian Financial Review* saying, 'This is incorrect'? You did not take out a writ against Mr Lewis, the journalist, that he was fabricating something from the Department of Finance and Administration?

Mr Early—We have not taken any action in that case.

Senator SCHACHT—No action. So, therefore, as far as the public is concerned, they might make a judgment that the credibility of Mr Lewis's article is substantial.

Mr Early—I cannot comment on something that purports to be a leak of cabinet material, obviously, Senator.

Senator SHERRY—Why did you not take action publicly?

Mr Early—As you would be very well aware, there has been a long history of articles of that kind through governments of all political persuasions. I cannot recall the Department of Finance and Administration or its predecessor departments taking action of the kind that Senator Schacht suggests on any previous occasion.

Senator SCHACHT—In view of the comprehensive leak from six departments and in view of the clear, strong view that those departments had about the government's decision to provide the spectrum—valuable resource—free of charge to the free to air television operators, can you assure me that the leak did not, in fact, come from a senior officer of Finance who has a fair bit of angst about the decision?

Mr Early—I cannot comment on something that purports to be the leak of a cabinet document, obviously, Senator.

Senator SCHACHT—But it must have been a leak. You have not taken any action. You have not issued a writ to say that the department has been defamed or you as the deputy head or the head of the department has been defamed by saying that this was coordinating comments from cabinet, have you?

Mr Early—Senator, if I could take successful action every time a senior officer of the Department of Finance and Administration was criticised, I would be a very rich man.

Senator SCHACHT—No, you would lose most of the cases. We would be very rich taking it off you.

Senator Kemp—Senator, I think that is a matter for judgment. I do not think that many around here would agree with you on that one. So can we move on?

Senator SCHACHT—You used to say the same thing when you were in opposition, Senator Kemp.

Senator Kemp—I was always courteous and polite and to the point.

Senator SCHACHT—I am extremely courteous.

Senator Kemp—I have built up my name for being courteous, polite and to the point.

Senator SCHACHT—All I can say, Senator Kemp, is that I have actually been very supportive and been saying that I expect Finance to do these number of things because they are a very efficient, powerful department. I am just a bit surprised that some of their answers indicate that they have not kept an eye on a couple of these things that I felt would, in passing, have been of considerable interest to them. I think that they may be doing that to protect the present government minister or a couple of others.

Senator Kemp—That is a matter for debate. We have a number of very distinguished people at the table who are waiting to answer questions.

Senator SCHACHT—Mr Early, on the issue of the allocation of that spectrum for digital television, has the department of finance made any estimate of the revenue forgone if that spectrum for access to digital television had actually been auctioned or even at least a licence fee put on it?

Mr Early—If we had made any estimates, it would obviously be in the nature of policy advice to the government, and I cannot help you on that.

Senator SCHACHT—So in terms of public administration, the taxpayer does not have the right to hear estimates of what the revenue forgone would be? Are you saying that the taxpayers of Australia do not have the right to know what they have forgone?

Mr Early—I am simply saying that I am unable to help you on that.

Senator SCHACHT—Minister, in terms of public transparency, can you enlighten us as to what the estimates of revenue or income forgone would have been if the spectrum for digital television had been auctioned or had a fee put on it in some other way rather than giving it to the television stations as a right?

Senator Kemp—I think, as in so many other areas, the public debate that is around these things always provides for a variety of views that people put forward. Some people will have one view and others will have another view. This is not actually specifically my area, as you know, Senator. Of course, I am loath to make any detailed comment because it relates to the portfolio of another. If there are specific questions that you wish to put on notice, we can take those on notice.

Senator SCHACHT—I accept that you are representing the Minister for Finance and Administration. Mr Early is following the correct procedure that this is advice to the government from his department. It is cabinet advice; it is confidential. But I put it on notice to the minister: would he be able to provide us with information from any of the government departments—Finance, Treasury, PM&C, DoCA—that indicates what would have been a value if this spectrum had been put out to either an auction system, a licence system or whatever?

Senator Kemp—We will take that on notice and see whether the minister wishes to respond.

Senator SHERRY—On the year 2000 bug, I must say that I was a bit surprised, in terms of budget papers across departments, that there is no cost of the likely risk, given the poor level of preparation by some departments as evidenced by the audit office. I know there is a specific allocation, and that is welcomed, but why did Finance not consider it necessary for each department to identify potential risk in a financial way?

Mr Early—The year 2000 issue is basically the policy responsibility of OGIT. I am sure that they could have quite a helpful conversation with you later in the day on that.

Senator SHERRY—Yes, I understand that and I have a number of specific questions for them. However, I was interested in it from the theme of the general risk to budget programs across portfolios. Did Finance have any view about that as a department?

Mr Early—Could you just give us a second to check?

Senator SHERRY—Sure.

Mr Hehir—It would not fall into the categories of risk that we would normally estimate and put forward in our documentation. The type of risk that you are talking about with respect to the year 2000 is not a contingent liability; it is an unquantifiable financial risk of something happening of which there are vast numbers, and we do not take account of every one.

Senator SHERRY—I accept that you do not take account of every potential risk, but this is identified worldwide as a major risk.

Mr Hehir—It is identified as a major risk which the government has a policy in place to deal with. In terms of the type of risk that we identify in budget documentation, it does not generally fall into that category.

Mr Early—Senator, there is a distinction between a risk that would appear in our documentation and the material that OGIT has available on the issue, which is obviously much more extensive.

Senator SHERRY—As I said, there are some questions that I am going to pose to OGIT, but I was concerned about the finance department's approach to this risk across agencies and departments.

Mr Hehir—What we take account of in the estimates is covering the cost of meeting and dealing with the risk.

Senator SHERRY—Do you believe that each department is covering those costs or has made an adequate assessment of those costs?

Mr Hehir—I think that would be a question better addressed to OGIT.

Senator SHERRY—Did you have liaison with OGIT about ensuring that each department assesses these risks in a financial sense?

Mr Hehir—I think the issue that OGIT needs to deal with—and we would not deal with that particular one—is whether the risks are being met, rather than assessing the particular risks and whether there is a risk management strategy in place. But, again, I think that is an issue that you should deal with with OGIT.

Mr Early—We obviously have a role in terms of our own operations in the year 2000 and we certainly deal with OGIT in that context—and we can talk about that later under corporate, if you would like—but not at the whole-of-government budget focus.

Senator SHERRY—So you do not believe it is appropriate for each department to have been required by Finance to make some assessment of risk in a financial way?

Mr Early—I am probably going to repeat myself. Essentially the issue is one that is being driven by OGIT, not Finance and Administration. It is getting quite extensive attention from OGIT. It hardly seems necessary to me that we do their business as well as they do it.

Senator SHERRY—Is there any plan by Finance in relation to public relations and promotional campaigns? Put aside asset sales.

Mr Early—You are probably better off, Senator, if you do not mind, raising that under corporate, where we will have the people that will be able to address that. This is budget for the Commonwealth as a whole.

Senator SHERRY—Yes. I put a number of questions on notice about the charter of budget honesty and the implications for costing of election commitments. While not returning to the previous debate we had, you say that you are carefully planning the processes and resources that will be required to undertake this task. What stage is that at, given that we are likely to have an election? We will have an election by March, I assume, but I think it may be a lot closer than that.

Mr Hehir—Sorry, I missed the beginning of the question.

Senator SHERRY—The charter of budget honesty requires the department to provide a pre-election fiscal and economic outlook. You say that you are carefully planning the processes and resources that will be required to undertake this task. What stage is the careful planning at?

Mr Hehir—We are in a position to be able to meet the requirements of the charter of budget honesty.

Senator SHERRY—What sort of cost is that going to involve?

Mr Hehir—It is the ongoing role of our budget group to undertake such activity.

Mr Early—Effectively the cost is zero. It is within our running costs to the extent we will reprioritise.

Senator SHERRY—So in terms of the time frames that are set down, you can guarantee to this committee that you will be able to meet them?

Mr Hehir—We expect that we have procedures in place which will allow us to meet the requirements under the legislation.

Senator SHERRY—We would not want any hold-up, would we?

Mr Early—Public servants tend to be a bit cautious when politicians ask them for rock solid guarantees, but we have done quite a deal of planning and contingency planning to deliver what is required of us and we are very confident we can do so.

Senator SHERRY—I know you would be reluctant. Politicians are very reluctant to give rock solid guarantees. I mean, it is like saying ‘never ever’.

Senator Kemp—It has been put into law, Senator.

Senator SHERRY—What stage are we at with accrual budgeting in terms of implementation time frame?

Ms McKay—The government took a decision early last year to move to an accrual budget for the 1999-2000 budget and all agencies are in the process of developing the detail of implementation.

Senator SHERRY—What changes, if any, have you made to your approach to accrual budgeting as a consequence of contracting out?

Ms McKay—Could you clarify that question, please, Senator?

Senator SHERRY—Well, there is extensive contracting going out right across government. Has it been necessary to change, adapt or adopt different methodologies in any areas of accrual accounting to take account of that?

Mr Hehir—I think the answer is no.

Ms McKay—To my knowledge there has been no adjustment to normal accrual accounting methodologies as a result of anything. We are looking to implement full accrual budgeting on the basis of Australian accounting standards for accrual accounting.

Senator SHERRY—Mr Kahn, do you believe extensive contracting out has an impact in respect of accrual accounting guidelines?

Mr Kahn—No.

Senator SHERRY—Why not?

Mr Kahn—Accrual is simply a method of measurement and whether particular activities are undertaken by outsourced contractors or in-house employees does not affect how the relevant costs or revenue are actually treated.

Senator SHERRY—When will the central accrual information management system be totally in place? By the date that has been set?

Mr Kahn—It has been planned to be ready for the 1999-2000 budget and the target date we are working on is October of this year.

Senator SHERRY—And are all departments on track?

Mr Kahn—Are you relating this to the question of AIMS going live?

Senator SHERRY—Yes.

Mr Kahn—As far as all other departments readiness to be able to deal with AIMS, our understanding is that they are on track. There are specific plans for training and getting agencies connected to AIMS.

Senator SHERRY—So you believe that all will meet the October deadline?

Mr Kahn—I have no reason to believe that they will not.

Senator SHERRY—I understand that there will be the provision of monthly accrual financial information. Will there be monthly reports?

Mr Kahn—Yes. The intention is to produce the monthly equivalent of what is now called CFT, Commonwealth financial transactions, which is prepared on a cash basis. The intention is to prepare that on an accruals basis.

Senator SHERRY—And will they be publicly published?

Mr Kahn—Yes.

Senator SHERRY—Do you have any idea of the cost of this change?

Mr Kahn—For just the production of the financial statements?

Senator SHERRY—Yes.

Mr Kahn—As you know, the financial statements are produced on a cash basis right now every month. With the move to accruals, agencies will have accrual systems in place. While initially there would be a process of adjustment and alignment, we do not think there would be a significant additional cost involved simply because production of the statements is on an accruals basis.

Ms McKay—There are no additional costs to the Commonwealth budget. Any costs associated with accruals are being absorbed by agencies, including our own.

Senator SHERRY—Just to return to this issue of contracting out, will it be a provision of the contract that the areas that are contracted out will likewise provide information in a similar way?

Ms McKay—Obviously, if there are services contracted out to private companies, they already operate on the basis of accruals. They already present their budgets and accounts on an accruals basis.

Senator SHERRY—Would they be publicly published?

Mr Kahn—It depends on exactly what type of arrangement we are talking about. The normal situation would be that the contractor would perform whatever service they are required to perform under the contract and would be paid for those services. Accrual accounting does not require the contractor's own financial affairs to be reflected in the contractee's financial statements, if you like. So what would be reflected are the invoices and payments that arise as a result of those contracts.

Senator SHERRY—And they would not necessarily be published. What I am getting at is that we are introducing accrual accounting. There is no argument with that. It seems to be going well across the public sector. But at the same time we have very, very significant contracting out by anyone's description. I am just interested in whether or not the same information will be available from those areas that are contracted out in the same way as it will be available from the departments—or what is left of them in some cases.

Mr Hehir—The introduction of accruals makes no difference to the arrangements for the provision of information from contractors. What it does is change the nature of the information that has changed from a cash basis to an accrual basis. The framework that is in place for contracting out is not affected in terms of the accountability framework.

Senator SHERRY—We will get a certain level of information from departments as a result of accrual budgeting. Will we get the same level of information in the same detail and in the same time frame from the areas that have been contracted out?

Mr Hehir—The information that is provided under contractual arrangements under the current framework is not going to change as a result of moving to accruals. The only difference will be that the financial information available will be in an accrual form rather than a cash

form. The introduction of accruals does not change the accountability framework which has been put in place for contracting out.

Senator SHERRY—Do you have anything to add?

Mr Hehir—Does that answer the question?

Senator SHERRY—No, I am not sure that it does.

Mr Early—I wanted to check with Mr Hehir, but my understanding is that, whether an activity is undertaken by public servants or is contracted out, the data that would be provided in an accrual budget would be the same.

Senator SHERRY—And that will be published publicly in the same way?

Mr Early—As it would currently.

Senator SHERRY—I have a couple of other questions about accrual budgeting, but I will put those on notice.

[10.38 a.m.]

Program 2—Government accounts

Senator SHERRY—By the way, I just got some more answers to questions on notice from February in respect of superannuation. I just wanted to indicate that it is very unsatisfactory to get them now. We could have been doing the program before we got the answers. I want to indicate my concern that these things are arriving now.

Mr Early—I think we have already taken that on the chin. I accept the comment.

Senator SHERRY—I must say that I had assumed—incorrectly, as it turns out—that the documents I got yesterday were the answers to all my questions on notice, and I did not have time to go through and check them all off because of the very late time frame. Do you know whether there are any other answers that are outstanding?

Mr Early—My advice was that this was the only one to come. That is the lot.

Senator SHERRY—In program 2, there is a significant variation in running costs. Could you indicate the reason?

Mr Early—Essentially, what is covered under the program is quite different between the two periods. Government accounts historically has included a range of activities. I am not sure that I can list them all, but they include national disaster relief, act of grace payments, other things of that kind, and the provision of whole of government accounts. We have rearranged the structure so that we have now separated the whole of government accounts. That is what government accounts is, which is actually a better match between the program terms. There has been some review of that activity and some very minor change in resourcing, but this reflects the fact that the activity this year is a very small part of what was included under it previously.

Senator SHERRY—I understand that. Does the way in which you have reshaped this area represent any significant variation, increase or reduction in running costs for these areas?

Mr Early—No. We have had some minor reduction in the aggregate resources to what was the government accounts area previously, but it is third order significance. It is not at all significant.

Senator SHERRY—I notice that in program 2 there is a reference to participation in international forums. What is that in reference to? It is on page 27.

Mr Hehir—It relates to the fact that there is a wide range of debate within the international community over the specific accounting rules which were put in place for preparing whole of government accounts, and we are participating in that debate.

Senator SHERRY—Does that mean participation in international conferences and seminars, for example?

Mr Hehir—Not so much. It is a bit of that, but it is mainly just the links that we have within the international community. There is an international accounting standards body that is looking at accounting standards for the public sector. We participate in that dialogue.

CHAIR—We will break for morning tea and come back at 11 o'clock.

Proceedings suspended from 10.43 a.m. to 11.03 a.m.

Program 3—Resource management framework

Senator SHERRY—I asked earlier about advertising and promotional programs outside the asset sales area. Are any planned?

Mr Early—If you are asking me about DoFA's own plans, would you mind if we picked that up under corporate?

Senator SHERRY—Okay.

Mr Early—I am sure people will be ready to answer it, given the forewarning.

Senator SHERRY—In respect of running costs there is a variation. Can you explain that, please?

Mr Bartos—Which variation are we referring to?

Senator SHERRY—The running costs, in the table on page 28 of the PBS.

Mr Bartos—That reflects a number of different changes, Senator. I will run through them fairly briefly. It reflects principally a reduction in running costs in the competitive tendering and contracting group of the resource management framework as a result of the implementation of the purchasing review. There are some other minor changes in relation to running costs, for example the wind-up of the National Procurement Board. There are also some minor increases in running costs, for example with the incorporation of the departmental library function into this program. But almost all of that reduction is accounted for by the reduction in relation to the competitive tendering and contracting function.

Senator SHERRY—I will come back to competitive tendering in a little while. What is the item 'Bank fees and interest charges' in respect of?

Mr Millar—The bank fees and charges are effectively what we paid to the Reserve Bank for our banking services.

Senator SHERRY—And for the item 'Natural disaster relief and restoration' the estimated outcome in 1997-98 was significantly above that budgeted. What is the explanation for that?

Mr Millar—That is largely due to the Katherine floods, Senator.

Senator SHERRY—In respect of competitive tendering, what is the estimated reduction in staff that has occurred so far and will occur because of competitive tendering?

Mr Bartos—I can answer the question in relation to competitive tendering in contracting the policy guidance function within our department. Senator, I am not sure whether your question is referring to the reduction in staff that we have undertaken in our competitive tendering and contracting group or whether it is a more global question. In relation to our own

group, staffing levels are being reduced from 217 to around 60 as a result of implementation of the Commonwealth's purchasing review.

Senator SHERRY—And what about in each area of the department that has so far been competitively tendered and each area of the department that you plan to competitively tender?

Mr Bartos—I think we may be talking about different issues here. The staff reduction I am referring to relates to the policy area of the resource management framework that actually is responsible for the guidance on competitive tendering and contracting. In relation to areas of the department where competitive tendering is being undertaken, there are a number of areas within my own group, the resource management framework group. Areas where there is competitive tendering and contracting being undertaken include actuarial services, facilities management of the AusInfo bookshops and a number of other administrative areas. These are tenders that have been, in that latter case at least, put out publicly to the market.

Senator SHERRY—Is it best for us to ask each program the question about what is happening in their own program area?

Mr Early—I think it would be sensible to ask it under corporate.

Senator LUNDY—With respect to information provided by the competitive tendering contracting group on fair dealing in tendering, I refer to webpage Commonwealth procurement circular 97/5. That circular mentions two recent decisions in the Federal Court, being *Hughes Aircraft Systems International v. Airservices Australia*, and *J.S. McMillan Pty Ltd and Ors v. Commonwealth of Australia and Anr.* Can you provide to the committee a summary of the implications of those two decisions and what action the competitive tendering contracting group has taken to advise agencies of the implications of those two Federal Court decisions?

Mr Bartos—Both are fairly complex, Senator. I suppose the bottom line in relation to those cases is the need for a great deal of care and attention to be paid by departments to ensure that tender documentation is not misleading, that tender processes are conducted fairly and, in relation to the Hughes case, for example, that tender processes are not seen to be being changed during the course of that tendering process. Quite detailed legal advice has been obtained in relation to that. We have linked our Internet site to the Attorney-General's Department site because they have provided some quite comprehensive briefing on those cases. We have also briefed the Heads of Procurement Forum on those.

I am not sure to what extent you want us to go through the comprehensive details of the legal side of that. It is a quite complex set of legal issues in relation to the creation of contracts, the creation of contracts during the course of the tendering process itself, and the enforcement of those contracts and how agencies need to be careful about the creation of contracts during the course of their tendering, in the way they go about it and the need for care.

Senator LUNDY—Does the CTC group have the opportunity to vet in some way the contracts before they go out in a request for tender process by each agency or each group of agencies, or do you just provide an advisory role and do not have any opportunity to impose some sort of quality control regime?

Mr Bartos—Our role is really the advisory one: to provide agencies with examples of good practice and assist them with, for example, advice on the care that they need to take as a result of things like the Hughes or McMillan cases. We do not vet contracts before they are let.

Senator LUNDY—So in terms of the advice that you give—I am referring to the same page I referred to before, relating to issues of fair dealing and strategies to ensure fair dealing—it

is quite explicit in the advice that you give, that is, ‘give all tenderers the same opportunity to make a bid on the same terms, ensure that no information provided is misleading and adhere to the published conditions of the RFT, particularly in regard to the evaluation process’. In terms of providing that advice, what mechanism exists? If it is not with you, what mechanism exists within government to ensure that those principles are adhered to in each contract that is drafted for either outsourcing or some other contractual relationship with the private sector?

Mr Bartos—It is the responsibility of the chief executive of each agency to ensure that they do manage their agency in the words of the Financial Management and Accountability Act. The requirement is for the efficient, effective and ethical management of their agency. That is a responsibility that rests with CEOs, not with our department. Our role is to provide advice on good practice, and we do that in a number of ways. We provide a lot of guidance material. You have referred to our web site, but we have also provided detailed published material, booklets such as *Competitive tendering and contracting: Guidance for managers* and a more detailed document called *Before you sign on the dotted line: Ensuring contracts can be managed*. We also provide information to departments and agencies at regular forums, consultative meetings and so on, at which we try to ensure that they are fully aware of what constitutes good practice in this area.

Senator LUNDY—But you cannot make them do it?

Mr Bartos—We do not see that as our role, no.

Senator SHERRY—Does that include this document *Commonwealth procurement guidelines*?

Mr Bartos—Yes, although the document that you have in front of you is the old guidelines. There is a new version that is available on our web site and it has also been circulated fairly widely in paper version.

Senator SHERRY—Yes, and I have a copy of a media release from the minister dated 1 April 1998 announcing the release of the new *Commonwealth procurement guidelines: Core policies and principles*.

Mr Bartos—That is right.

Senator SHERRY—With regard to the success or otherwise of what are known as SMEs—small business—what is your estimate of the success of small business in successfully tendering for the contracts?

Mr Bartos—We do not have one as yet. At the moment, we are attempting to establish the facts as to what their success rate is in conjunction with the Department of Industry, Science and Tourism and using the advice of the Australian Bureau of Statistics. We are conducting a study now. The government has reaffirmed its commitment that it will source at least 10 per cent of purchases from SMEs.

Senator SHERRY—When is that study due for completion?

Ms Davidson—Subsequent to getting some advice from ABS, we have contracted Dun and Bradstreet to match details for us on a number of SMEs and we are expecting a report from them in late June, early July.

Senator SHERRY—Will that be published?

Ms Davidson—I am not sure what the intention was in terms of the output of that report.

Senator SHERRY—If you could take that on notice; if it is not to be published, the committee would like a copy. Just on this issue, how can you promote a figure of 10 per cent without tracking it on an ongoing basis?

Mr Bartos—Departments and agencies have been told that that is what the government wants them to do. The anecdotal evidence from departments and agencies is that they are exceeding that figure. We want to pin it down firmly. Your point is a valid one: it is important that that figure be pinned down properly. At the moment, it has the status that the government has indicated to agencies that that is what it wants and they are endeavouring to do it. There is a role for us as a department in monitoring the success of that.

Senator SHERRY—Just on the issue of local industry as defined, does it include New Zealand?

Mr Bartos—We are looking only at Australia here.

Senator SHERRY—It does not include New Zealand—the definition of local industry?

Ms Davidson—I am not sure. I would have to take that on notice.

Senator SHERRY—Okay, if you could. Do you have any available figures on the success of local industry?

Mr Bartos—We do not. To the extent of those SMEs that have been tracked in this study—we will need to take on notice that question of New Zealand; my view at the moment is that it does not include New Zealand but we will correct that if that is not correct—almost all of those small and medium enterprises will be Australian SMEs.

Senator SHERRY—Yes. My question did not just go to small and medium enterprises; it went to the lot regardless of their size. Are you attempting to identify the level of local success?

Mr Bartos—Not as part of this study, but I think that that will come out as a result of it. It will be one of the things that this study will almost certainly show us. That is not specifically its aim.

Senator SHERRY—Presumably, if you are identifying the companies and doing some sort of matching, you will know whether they are overseas or local in most cases.

Mr Bartos—We will, yes.

Senator SHERRY—Just for my own purposes, you might just keep an eye on the success or otherwise of Tasmanian located firms, too. We could do with a few jobs down there. Earlier you were detailing some of the areas that were being contracted out in your area. Do you have specific job reductions in those that you were mentioning—the AusInfo, for example, and the others?

Mr Bartos—No, there are no job reduction targets at all.

Senator SHERRY—But there will be some job reductions?

Mr Bartos—In the case of actuarial services, at the moment we contract them in, in effect, from the Australian Government Actuary. If that were to continue as a result of the tender, there would be absolutely no change. In relation to the facilities management tender for AusInfo, again, our expectation is that there will be no forced redundancies. There is no intention to impose any staffing targets in relation to that tender.

Senator SHERRY—Any other detail in your particular area?

Mr Bartos—I have just been reminded that the only other area where we are looking to competitive tendering is in relation to financial assessments of enterprises. That relates to financial viability assessments that are done for qualification for some of the government purchasing requirements, such as endorsed suppliers. There are six staff involved in that currently in-house. That tender process has not been completed. We have no idea whether or not there would be any staffing reductions as a result of that.

Senator SHERRY—If it is tendered out, why would there not be a reduction of those six staff?

Mr Bartos—If it is tendered out—we need to assure ourselves that there is a value for money provider. We have put it out to tender. We will assess the results of that tender when we receive them.

Senator LUNDY—Going back to the guidelines distributed by the CTC group, another area of the same document I referred to talked about establishing a fair evaluation criteria. Paragraph 37 states that once the tender evaluation criteria have been established and the tender is still being conducted, they cannot be changed unilaterally by the agency and new criteria substituted. Can you advise the committee what advice you now provide agencies preparing contracts that contain an industry development component that ultimately extracts a response from the market that varies considerably between tenders? What advice have you given on the evaluation of those particular components, given the difficulty in comparing apples with apples among the different tenderers?

Ms Davidson—Since we abolished the two-envelope process for industry development, departments have been advised that they should consider in any tender process whether or not it is appropriate to include industry development criteria. They are therefore expected to make that apparent at the beginning of the process in the request for tender. That would therefore need to form part of the evaluation of that tender.

Senator LUNDY—So what advice do you provide to the agencies on how they actually approach that evaluation and any quantification that measures? Is it just left completely open? Are they asked to fall within those very broad parameters?

Ms Davidson—At the moment we are developing some model industry development criteria that departments can use as they see fit in the future. At the moment it is up to the departments to make an assessment of what appropriate industry development criteria they should or should not include.

Senator LUNDY—Again, the same document talks about the debriefing strategies for unsuccessful tenderers and compliance with the procurement guidelines and finance regulations as a general finishing point. My understanding is that the comparative information between the respective tenderers in this area is not released for public knowledge. What is your advice to agencies in debriefing unsuccessful tenderers when an industry development clause has been dealt with in the particular tender? Do you provide any advice in that area or do you just let it go?

Ms Davidson—The advice that we provide to departments now is the Commonwealth procurement guidelines. I would have to refer to them to see what specifics were in there in terms of advice to unsuccessful tenderers. I cannot remember off the top of my head whether or not we have given any specific advice to departments on how they should handle that.

Senator LUNDY—Do you get any queries from industry about the way in which various agencies handle their tendering process? Are you a port of call for complaints?

Ms Davidson—Yes. Following the purchasing review we have established a purchasing advisory and complaints service that both agencies and suppliers can use to get information. Also, if people have complaints that they cannot resolve with the agency, we are prepared to play a mediation role in that process. I am not aware of how many or whether we have had calls from suppliers concerned about industry development issues. Certainly there was a lot of concern when we had the previous two-envelope system, but I am not aware of any recent concerns from industry about how that is being assessed currently.

Senator LUNDY—Can you provide the committee with an analysis of the types of complaints that have been made across-the-board about CTC going back about two years?

Ms Davidson—The purchasing advisory and complaints service was set up in February. I know that we have kept detailed data. I am not aware that systematic data was kept in the past. I would have to check that. Are you interested only in complaints or also in inquiries? A lot of what we get are inquiries as opposed to complaints.

Senator LUNDY—No, inquiries would be good. Obviously, I do not need a high level of detail, but enough to give us some idea of the sort of communication that you are having with the industry. In terms of that particular complaints register, what do you do with that information? What degree of confidentiality does that register have?

Mr Bartos—That information is confidential. Almost all the queries that are received by the purchasing advisory and complaints service are resolved on the spot by officers of the competitive tendering and contracting group. It might be worth mentioning for the Hansard record the free-call number: 1800-650531. That purchasing advisory and complaints service has been receiving in the order of 200 calls a week, so it is very well used. Some of the calls are people who are calling that service with very basic queries, such as where they go to purchase particular bits of government information. Those are calls from the public. Some are from departments and agencies seeking advice and some are from industry. We can provide the committee with a breakdown of that.

Senator LUNDY—That 200 complaints figure seems like an awful lot. In terms of what you do with that information, is there any thematic response that provides you with enough motivation perhaps to make a submission to the minister's office or the Department of Finance about rectifying any identifiable cause of complaint?

Mr Bartos—That figure is 200 calls. Most of those are not complaints. They are calls for advice.

Senator LUNDY—Even in the context of—

Mr Bartos—The requests for advice come down to the level of callers asking, 'Where can I buy a picture of the Queen?' and 'How can I get information about hot water service ratings?' and things like that. The people on the other end of the line attempt to answer those as best they can at the time and they have done so successfully. At the other end of the spectrum are industry complaints about departments and agencies, but those are by far the minority of the calls.

Senator SHERRY—You mentioned seeking advice. The National Procurement Board was abolished in the former department of DAS. They were useful in giving advice to suppliers and buyers and providing training and development for buyers. What is being provided at present?

Mr Bartos—The purchasing advisory complaints service is an important element of that. That provides advice to suppliers as well as to departments. That is an avenue. There are also

some activities of the former National Procurement Board that are continuing in an ongoing way in terms of networks of suppliers and contacts and information being kept up.

Senator SHERRY—Are they providing the same level of advice for suppliers and buyers and training and development for buyers?

Mr Bartos—Not in the same form by any means. The National Procurement Board no longer exists, but there is still an ongoing level of support and advice.

Senator SHERRY—I accept that there is an ongoing level of support and advice, but is it the same level?

Mr Bartos—It is very hard to assess and it has been provided in a different way, but certainly there has been no reduction in availability. The actual mechanisms for its provision are very different.

Senator SHERRY—I asked you about the staffing level reduction. Can you provide the committee with a breakdown of the job losses, their classification and location?

Mr Bartos—Yes, that was provided in response to a question on notice. That is available to this committee as a tabled breakdown.

Senator SHERRY—Is that the question on notice from February?

Mr Bartos—Yes. It is on page 25.

Senator SHERRY—In respect of the former role of the National Procurement Board, are there people in each state carrying out its former activities?

Ms Davidson—No, we no longer have any regional staff.

Senator SHERRY—Is it not to the disadvantage of, for example, my home state of Tasmania, to have no regional staff?

Ms Davidson—We have made sure that the phone calls, for example, that previously went through the Tasmanian and all the other regional offices are now directed centrally. It is a free call so that we are able to provide advice.

Senator SHERRY—You said ‘centrally’. Where is ‘centrally’?

Ms Davidson—In Canberra. The number that Mr Bartos provided is the number that is available for people around Australia to call.

Senator SHERRY—This causes me some concern. Why is it not located in Tasmania, for example, or some other regional centre? Why is it in Canberra?

Mr Bartos—I think that is a question that could be asked of absolutely any area of activity of government. The issue here is that the Department of Finance and Administration is located in Canberra and the competitive tendering and contracting group is located with it.

Senator SHERRY—And you have centralised the functions in Canberra?

Mr Bartos—A very great deal of the activity that was previously conducted in the states is simply not being done at all. That is the management of the former common use arrangements, which were abolished as a result of the implementation of the purchasing review. It is not that activities have been pulled out of the states and centralised in Canberra; they are just simply not being done at all.

Senator SHERRY—Is there anything being done by the Department of Finance in Tasmania any more? Are there any staff left there at all?

Mr Early—Again, we can probably get the precise number from corporate, but there are staff in Tasmania. I think there are ministerial and parliamentary services staff, for example.

Senator SHERRY—Senator Kemp, do you think that centralisation in Canberra is a good trend and the contraction of services and employment in regions?

Senator Kemp—I think you have to look at each particular function. I would not wish to make a general comment on it. As far as the specifics are concerned, I would request the responsible minister to make a response. I would take that one on notice. As you know, over the years I have been an advocate particularly for my state of Victoria. I am not sure how successful I have been.

Senator SHERRY—But you have got everything in Victoria. I am worried about Tasmania—I am thinking of outside Sydney and Melbourne.

Senator Kemp—You are quite entitled to put the case for your state. I think that is an appropriate role for a senator, actually—we are a states house after all.

Senator SHERRY—I notice you say that with a smile. I look forward to the day when either of us crosses the floor to vote on state issues. In providing that material about the job reductions in regional areas and discontinuation of operations, does the answer on notice provide the detail of the role of the regional operations?

Mr Bartos—It does. That information is provided.

Senator LUNDY—I have one more question about CTC processes and the guidelines provided to the department. The issue of timing has become quite critical, particularly with major contracts being put out to tender or an RFT circulated, given that the participants in a given tender quite often do not have the resources to furnish a response to more than one RFT at any one time. Do you provide any advice to departments or clusters of agencies on this matter specifically, given that its impact upon the competitive tendering process can be quite profound?

Mr Bartos—I do not believe we do. Nothing in the procurement guidelines covers that. I suppose it is an issue to do with the fact that individual departments and agencies are responsible for their own competitive tendering and contracting processes. In an informal way, though, we do facilitate discussion between agencies through forums such as the Heads of Procurement Forum, which we have already mentioned, which allows agencies to talk amongst themselves. We see that as an important role for us to facilitate.

Senator LUNDY—In your recollection, can you recall this issue being discussed in those forums?

Mr Bartos—Not that I can recall recently, but my memory of those forums does not extend back very far.

Senator LUNDY—Perhaps I could ask the minister his view on the issue of the timing of release of RFTs, the impact on the market, the pressures that they may bring to bear on the market, and whether or not the government has considered it as a factor, particularly in the context of the IT outsourcing contracts where, in fact, it has become a very real issue for the sector. There are some views that it was indeed one of the factors that led to notionally a less than competitive process than otherwise would have been desirable with the DEETYA contract.

Senator Kemp—I note your observations on this issue. I would probably prefer to put that to Mr Fahey so that he could have a chance to respond if he wishes to. Are there any comments that officers might like to make?

Mr Early—No comment.

Senator LUNDY—Perhaps you could also refer this question to the minister. Has he received any complaints about this issue in that regard and what specific action has he taken to redress it? The other factor that comes into it, of course, is coordination between agencies about this issue both for single agency contracts and for contracts that involve multiple agencies and, therefore, perhaps place stresses on the communications between the different groups or clusters.

Senator Kemp—I will take that one on notice and I will put that to Mr Fahey. I have noted your strong interest in this matter over a number of months.

Senator LUNDY—This is just a point of clarification. I wanted to ask questions about the various provisions within standard government contracts, for example, sanctions, escape clauses, liabilities, et cetera. Is it appropriate to ask those questions here or under program 6, which lists property and contract management, or does that contract management refer to managing the actual contracts with DoFA as opposed to the structure of contracts that Finance prepares?

Mr Bartos—In that property and contract management area, the contract management side of that refers to management of some specific contracts. On the general question of clauses for government contracts, that is appropriate under this program.

Senator LUNDY—Perhaps I could just ask a few more questions along those lines. In terms of sanctions contained within contracts, under the standard contracts circulated by the department or by Attorney-General's, what provision is there to make public the application of a sanction if the terms and conditions of the contract are breached?

Mr Bartos—That is a matter case by case in relation to each contract. I do not think it would be appropriate to have a general rule on that. In some cases it might be appropriate, in others not.

Senator LUNDY—So you have no guidelines on if the contract is breached and the contract specifies certain sanctions to be taken, that there is any mechanism by which the market, competitors, parliament and any other players with an interest in that particular area can find out whether or not a sanction has been applied as a result of a breach of contract?

Mr Bartos—We have no specific guidelines on that. There is general guidance about the importance in all competitive tendering and contracting of fair and open processes. That is something we would encourage to the greatest extent possible—transparency. It is an important principle that all the processes in relation to tenders are open to scrutiny but how you apply it in each case does have to depend on the circumstances of each case.

Senator LUNDY—Minister, perhaps I could refer the question to you about what the government's view is on access to that information upon application by certain parties if, in fact, that particular contract clause has been enacted through a breach. Do you think it should be made public?

Senator Kemp—I will seek some advice from the minister on that. I think that this goes to important matters of detail, and I would naturally be loath to intrude into his area, so I will refer that question to him.

Senator LUNDY—Perhaps you could also refer to him the issue of general publication of the successful tenderer's contract. Certainly again we have some international examples where, in the interests of the public and of probity, the contract, post signing, is published and, therefore, the terms and conditions are accessible by the whole market and easily scrutinised

by the respective parliaments and committees. Is it the government's view that there is a place for such open scrutiny of signed contracts with the Commonwealth?

Senator Kemp—There are presumably well-established precedents in this area. I suspect that it raises commercial-in-confidence issues, which I think all governments in various ways have sought to grapple with while providing proper accountability. Officers may correct me if I am wrong, but I am not aware that we have substantially changed the procedures which have been in operation for quite a long period. I have listened to your views, and they will be transmitted to the minister.

Mr Bartos—I can confirm that. This is a practice that has been in place for a long time. We are aware that this was an issue raised by the Senate Finance and Public Administration References Committee report into contracting out of government services. In general terms, in terms of a response on this particular issue, we agree. There is nothing in the guidelines that goes against the general principle of disclosing as much information about contract details as possible, subject to case-by-case assessment of the legitimacy of commercial-in-confidence concerns, which may well be important, such as costing, pricing structures or disclosure of intellectual property, none of which any government would actually want to become public knowledge.

Senator LUNDY—I certainly take those points on board. There are obviously some areas of contracts which would be unsuitable for public distribution. But perhaps I can put to the minister a question specifically in the context of the industry development provisions contained within Commonwealth contracts. Is it the minister's view that there is an argument in the public interest that the undertakings on behalf of a contractor with respect to industry development—the relevant sanctions that are applied to non-compliance with those particular undertakings and the subsequent performance and meeting the undertakings through the course of the contract—be made public to allow a full assessment and open scrutiny of how effectively those undertakings are being achieved?

I put that question in the context—and I think this is quite important—that, looking at the Finance guidelines about the fair assessment and evaluation of tender documentation, the variable that industry development clauses introduce into that evaluation process provides for a less than clear-cut measure of success, of value for money, of public interest from the government's point of view.

Senator Kemp—Senator, if I understand the advice that I have received correctly, at present this is not generally public. Is that correct? Mr Bartos, perhaps you would like to assist the senator.

Mr Bartos—In respect to what happens post contracting, by and large that is something which, in practice, departments and agencies do treat as commercial-in-confidence. But the point that you are making in relation to industry development criteria inconsistency is an important one. That is the reason, as Ms Davidson mentioned before, that we are circulating to departments and agencies some draft model criteria that could be used as a guide to ensure a greater level of consistency. That is something over which we are also consulting with industry.

Senator LUNDY—That is the conclusion of my questions on this section, other than: can we have those guidelines when they become available?

Senator SHERRY—On a related issue to the contracts, where a public servant has knowledge of, and is involved in, the process of a contract and the letting of a contract, do

you believe that it is appropriate that that public servant should subsequently be employed by the contractor?

Mr Bartos—That is an issue that depends on the circumstances of each case. The general principle is set out in the procurement guidelines in relation to the importance of fair, open and competitive tender processes.

Senator SHERRY—To your knowledge, has that happened in any of the tendering processes in Finance?

Mr Bartos—I am not sure exactly what you are getting at.

Senator SHERRY—Has anyone who has been involved in the process of letting a tender subsequently gone to work for the successful tenderer?

Mr Bartos—I have just been reminded by Ms Davidson that there have been a number of cases of tendering where there has been subsequent employment of people from the department in the successful tendering, just as part of the employment transition, the aim being to ensure that we do not do people out of a job. That is quite frequent, and it happens as part of a number of outsourcing deals.

Senator SHERRY—I understand that. That is not what I was getting at. I thought I made it clear in my question. People who are actually decision makers in the process of the letting of a tender and who subsequently work for the successful tenderer, are there any individuals in the Department of Finance and Administration that you are aware of who are in that position?

Mr Early—I do not think there have been. There is one example where a person we had as a consultant, who was providing us with advice on a tender, some six to nine months later was employed by the successful tenderer, but I am certainly not aware of any instance where there was somebody who was a decision-maker employee who has gone to work for the successful tenderer in any other circumstances and certainly not directly.

Senator SHERRY—Are you aware of this happening in any other department?

Mr Early—That is a question that you will have to ask other departments.

Senator LUNDY—I refer to an article by Ian Davis and Louise Dodson headed ‘No impropriety in IT move, officials declare’ that canvasses a very similar circumstance with respect to two former public servants transferring across to the ultimately successful tenderer for their IT outsourcing. This article goes on to report that in fact it did not technically constitute a breach of any guidelines. Perhaps you could outline to the committee precisely what the existing rules are with respect to the transfer of employment from the public sector to the private sector when there is access to information within the public sector that bears a direct relationship to the success or otherwise of the eventual tenderer.

Mr Bartos—General guidance is given to public servants not from this department but from the Public Service and Merit Protection Commission in relation to official conduct that is the responsibility of that agency rather than ourselves to promulgate. We are not in a position to comment on the circumstances of another agency in particular.

Senator LUNDY—Who was the former consultant you mentioned in relation to the example within DoFA?

Mr Early—That person’s name was Ian Thompson.

Senator LUNDY—That person worked for a consultancy? For whom did he work when he was advising you on tender issues relating to the IBM contract?

Mr Early—This is the wrong program to ask that question in. I do not know whether we have the answer. He was hired, on my recollection, as an individual consultant. He may have worked for a consulting firm. I do not recall. We might be able to clarify that later. He worked on a term contract to provide us with advice. That came to an end. He finished his consultancy with us and, some months later, he started work with IBM. Obviously, I have no idea at all of the basis on which he is working for IBM.

Senator LUNDY—Are you familiar with the work he was doing for DoFA?

Mr Early—Yes.

Senator LUNDY—Can you describe it?

Mr Early—Yes. He was providing advice. He was not a decision maker, he was an adviser.

Senator LUNDY—On the structure of the contractual process?

Mr Early—The short answer is yes, he was providing us with advice as to what we should do in the circumstances that we were in across a range of issues.

Senator LUNDY—Can you take on notice to provide the committee with the details of that consultancy?

Mr Early—I would prefer to come back to it under the next program.

Senator LUNDY—What is the next program?

CHAIR—Is it under program 4?

Mr Early—Yes.

Senator LUNDY—Yes. That is fine.

Mr Early—We will have the people here. I am more than happy to take that question on notice.

Senator SHERRY—I wish to clarify one point about your guidelines. I am trying to recollect the detail. Unfortunately, I cannot. I understand there has been some legal action in this area about attempting to prohibit or restrict the employment of people in these circumstances. Are you aware of any? Basically, the guts of the question is: is it legally enforceable?

Mr Bartos—Employment issues are a matter not for our agency but for the Commonwealth agencies dealing with employment, in particular in this case the Public Service and Merit Protection Commission. We do not have a direct role in public sector employment issues.

Senator SHERRY—I understand that. You are putting together guidelines. You have obviously got a series of ‘restrictions’ about what is permissible. Do you know whether it is legally enforceable?

Mr Bartos—I do not know.

Senator SHERRY—If someone who is involved in a decision leaves a department and turns up working for a contractor, how do you tackle it legally? My assessment, for what it is worth, is that it would be difficult.

Mr Early—Again, that is outside our area of expertise. It is a fairly common phenomenon in the private sector to have exclusion arrangements in employment contracts. Presumably it is doable.

Senator SHERRY—I had some questions relating to the reorganisation of the Federal Airports Corporation, the FAC. There was a release from Minister Fahey on 10 May. Where would it be best to raise issues relating to that?

Mr Bartos—To the extent that we provide shareholder advice on government business enterprises, it is conducted within the resource management program, although it is going to be very difficult for us to answer questions in detail on the FAC. That is more appropriately directed to that body.

Senator SHERRY—I understand that difficulty. A new board has been appointed and it includes a number of existing FAC board members. Does the appointment of the board come within this program and within Finance and Administration's perusal?

Mr Bartos—In relation to any government business enterprises, there is a joint shareholder role between the relevant portfolio minister and the Minister for Finance and Administration. Our focus in relation to the Minister for Finance and Administration's shareholding role is really in relation to the financial performance of that government business enterprise.

Senator SHERRY—I wish to clarify something in the press release. What is it exactly that we have a shareholding in? I thought the airports had been leased?

Mr Martine—Sydney airport is currently still retained in Commonwealth ownership and a company has been established to operate Sydney airport into the future.

Senator SHERRY—I thought Sydney airport had been leased out?

Mr Martine—Not as far as I am aware.

Senator SHERRY—It is an assumption that it happened in my absence. Why the reorganisation? Why the new company?

Mr Bartos—Because the nature of the airports and what the government owns and what has been leased out, as your question itself implied, has been changing. A new structure implies a new organisation.

Senator SHERRY—So you have established a new company to manage a contracted service as a consequence of the leasing?

Mr Bartos—And a different role.

Senator SHERRY—And part of the rationale for this is the regulatory control surrounding Sydney airport?

Mr Bartos—That certainly is an element of what is going on here. In the absence of the document to which you are referring, I am not entirely sure what exactly the point is that is involved. Certainly, the whole structure of how the airports are being run is changing, and that leads to some organisational and leadership changes.

Senator SHERRY—The press release was No. 43 of 1998. Do you have any estimate of the return on capital that the company is likely to achieve?

Mr Bartos—Details in relation to the finances of any government business enterprise are typically contained in their annual reporting. That will be available in the annual reports.

Program 4—Corporate

[Midday]

Senator SHERRY—Could I have a quick explanation for the change in running costs on page 32?

Mr Ash—Is this the change from the \$113.849 million to \$57 million on line 1?

Senator SHERRY—Yes.

Mr Ash—That is from the outcome to the budget?

Senator SHERRY—Yes.

Mr Ash—The expenditure, or the estimated outcome of \$113.849 million also includes the expenditure associated with annotated appropriations, which the section 31 component. The figure for that is something in the order of about \$24 million. So that actually means that if we are going to try to compare like with like, it is comparing \$89 million with \$57 million, which gives us a broad drop of around about \$32 million between the two.

That is made up of five major items. There is one component where the organisation has transferred some funds to a couple of the agencies within the portfolio and also a difference between what has been included in the estimates and what we now think we are going to roll over at the end of the financial year. There would be some anticipated savings associated with IT outsourcing and also some estimates of what we would anticipate occurring as a result of market testing the support services function.

There are also some savings associated with efficiencies in the accounting services branch. A component of it would be that some of the expenditure occurred this financial year in the old Department of Administrative Services of some of the small functions that are no longer carried on into the new financial year, and then just an anticipated drop in demand across the department from the reductions in numbers across the department. So there will be a fall in the level of services to other areas of the department.

Senator SHERRY—Thank you for the explanation. You could take this on notice: could you provide us with a list of those specific changes?

Mr Ash—Yes.

Senator SHERRY—Still on page 32: on the change to exchange transactions and adjustments, there was a budget in 1997-98 and then an estimated outcome. Why has that changed?

Mr Ash—Again, the actual budget figure for the majority of that item is shown at the annotated appropriations line just below the subtotal division 280. There is a figure of \$172 million down there.

Senator SHERRY—Yes.

Mr Ash—When we actually do the budget, we show the majority of that figure down there. When you are actually showing the estimated outcome, it is a grossed up figure of both the annotated appropriations and the specific amount that was appropriated, as in the \$100,000.

Senator SHERRY—Okay. On bank fees and interest charges, it has 1997-98 estimated outcome.

Mr Ash—Unfortunately, that is going to be the same answer again. When you are looking at both the budget and the revised appropriations columns, it would appear in the annotated appropriations line. The expected outcome is the actual amount.

Senator SHERRY—Okay. Compensation and legal expenses in 1997-98 is significantly higher than the original budget and significantly lower in the 1998-99 budget. What is the story there?

Mr Ash—The story there is that this item, for a large part, funds legal settlements and there have been a number of settlements associated with ex-DAS businesses that go back a number

of years to do with dust complaints. There has also been a fairly major settlement in conjunction with the Attorney-General's Department concerning the usage of computer software. They are unanticipated; it is something that you cannot anticipate—

Senator SHERRY—Are these workers compensation or are they disputes involving other issues?

Mr Ash—I would have to take that one specifically on notice.

Senator SHERRY—Could you take that on notice and provide us with the details of those settlements?

Mr Ash—Yes.

Senator SHERRY—What elements have occurred in respect of salary repackaging? Firstly, how many people have been involved in salary repackaging and an agreement has been reached?

Mr Early—I think that is in the material that we provided, admittedly very recently, in answers to questions on notice, but I will hand that over to the general manager to talk to.

Senator SHERRY—Thank you.

Mr Fisher—The short answer is that we have had one officer take up the option of a salary package at this time. The major component of the package is novated lease on a vehicle.

Senator SHERRY—Have you had discussions with any others?

Mr Fisher—I am aware that a number of officers expressed an interest in the possibility of taking up a package and are talking with their general managers about it.

Senator SHERRY—I must say that I am surprised that it is only one. What is the salary of the one officer who has been—

Senator Kemp—I do not know whether that would be appropriate to answer, would it, if it is only one?

Senator SHERRY—I think that it would be inappropriate if I asked the name, but I want the salary range—

Senator Kemp—I am worried that if it is only one, it would be possible to identify that person by mentioning it. Senator, I understand the nature of your question, but could we take that one on notice?

Senator SHERRY—I just want an indication of range. I understand that if the precise figure were given it might identify the person. I do not want to know their name.

Mr Fisher—If I could answer the question in a generic way: the officer concerned is a senior officer. He is acting in a section head position.

Senator SHERRY—Okay. What is the pay scale in that area?

Senator Kemp—I think, actually, we are starting to narrow the field a bit.

Senator SHERRY—I hope so.

Senator Kemp—I do not want to compromise the privacy of this person. I think that what has been said already will lead to a degree of speculation, I have to say. We have probably narrowed it quite dramatically. I think that if we could not pursue this at this point in time; I am sure that you will return to it. Can we just take that one on notice?

Senator SHERRY—Okay. You have mentioned that the major component was the car lease. What were the other components?

Mr Fisher—The officer took the novated car lease. I am not aware of any other aspects of his package.

Senator SHERRY—Are there other aspects to it or are you just not aware of other aspects?

Mr Fisher—I do not want to mislead you. I do not think that there are any others, but I do not have the details in front of me.

Senator SHERRY—Will you take that on notice, please?

Mr Fisher—Certainly.

Senator SHERRY—So there is only one in Finance. I must say that does surprise me. I think that Finance public servants are showing great wisdom, actually. I am still surprised that there is only one. We had a fair discussion about the issue of the implementation of super choice at the Senate Select Committee on Superannuation. In the interests of time, I do not want to go over all that we discussed before. The stage at which you are at on the implementation of super choice in the public sector in your department—because it was being done on a department by department basis, if any of you are familiar with the discussions we had before the Senate committee on superannuation about five or six weeks ago—has there been any update on the information that was provided at that time?

Mr Fisher—I can only answer in respect of what we, as a department, were proposing to do as an employer. In anticipation of the passage of legislation, we had considered how we might approach super choice for our employees. We had made some decisions about how we would do it and we had approached a superannuation advising firm for some advice.

Senator SHERRY—Which firm?

Mr Fisher—It was Mercers. We then terminated our project when the government announced that it was deferring the implementation of the new arrangements.

Senator SHERRY—So that is it; Mercers are no longer doing any work in the area?

Mr Fisher—That is right.

Senator SHERRY—What did you determine as the path you wanted to go along?

Mr Fisher—The process that we agreed was that we would frame the general approach to superannuation in the department. We would then seek advice from Mercers on a range of funds that might meet our requirements. We then proposed to establish a panel to assess the funds against the department's requirements for super choice for its employees. We would then make a selection and put arrangements in place so that, as an employer, we were able to provide super choice for our people from 1 July.

Senator SHERRY—In that process, had you indicated to Mercers the funds you were looking at?

Mr Fisher—No, we asked Mercers to advise us on the funds.

Senator SHERRY—Had there been any involvement of employees up to the point of Mercers being contracted?

Mr Fisher—We had indicated to employees the approach that we proposed to take and proceeded to engage Mercers for advice.

Senator SHERRY—How much is to be paid or has been paid to Mercers for their work?

Mr Fisher—I would take that question on notice. We advised Mercers when we approached them that we would cap the cost of any advice to us at \$4,000. That would be a maximum figure, but I do not have details as to what it actually cost us.

Senator SHERRY—What does ‘departmental capital works acquisitions—building’ relate to? There is a zero in the 1998-99 budget on page 32. Does that mean that nothing is going to occur?

Mr Ash—That relates to just about the end of the program of upgrades to both the former Department of Administrative Services’ computer systems and also some fairly major work that was undertaken on the Department of Finance mainframe. The reason it goes to zero is that, following the outsourcing of the Department of Finance IT services, that has now moved up into just normal running costs. It was a very low figure at that stage; most of that project had been completed in the last financial year.

Senator LUNDY—I just want to ask some questions about the preparation and tender process for the corporate services contract for DoFA. We would like to know where that is up to.

Ms Burns—The process is at the stage that the request for tender has been issued to those who were short-listed by an earlier expression of interest process. The tenders close on 26 June.

Senator LUNDY—Can you describe the tender process to date? You just mentioned a couple of dates.

Ms Burns—Rough dates, did you say?

Senator LUNDY—You just mentioned a couple of dates. If you could just go through the time frame—

Ms Burns—We commenced the process in December 1997. The shortlist from the expression of interest process was announced in April this year. We released the request for tender documents on 11 May and, as I said, the tenders will close on 26 June, which is about a six-week tender period.

Senator LUNDY—In the preparation of the request for tender, what sort of industry development or involvement of regional local businesses did you prescribe?

Ms Burns—Two things—industry advice. This is advice we engaged from Ernst and Young, which is assisting us in understanding the market and what industry requires in terms of tender documentation. The industry development component is now a subject of the RFT process. One of the mandatory criteria is industry development, and it specifies the participation of small to medium enterprises. We consulted with the appropriate industry development/policy development areas in the Commonwealth to determine what our industry development criteria should be.

Senator LUNDY—Who are they?

Ms Burns—That is the CTC group of our own department, DIST and the Department of Workplace Relations and Small Business.

Senator LUNDY—Did you use any consultants in that process?

Ms Burns—In determining the industry development criteria, no.

Senator LUNDY—In terms of the nature of the RFT and those industry development criteria, what sanctions have you placed in the contract in terms of any failure to meet undertakings by the successful tenderer when, in fact, the process is completed?

Ms Burns—As I said, the industry development criterion is a mandatory one so people will not get over the line in the first place without having a plan in place to meet that industry development criterion. The contract—the day-to-day running of which is really embedded in

service level agreements attached—will specify the requirement to indicate how those measures are going to be met and to measure them on an annual basis.

Senator LUNDY—What is the reporting mechanism within the contract for that measurement to take place?

Ms Burns—It will form part of the overall annual business reporting process. There will be interim reports at every quarter but the industry development criteria, which I think you are particularly interested in, will just form part of the overall reporting process. So, for example, if the successful tenderer was to say that they would be engaging 10 per cent small to medium enterprise, they would be required to demonstrate in their reporting how they have done that and how they can substantiate that.

Senator LUNDY—If they failed to achieve the level of undertaking, what is the process then?

Ms Burns—I cannot quote every detail of the draft contract because the contract is still subject to being negotiated. I can take on notice what is currently in there, but the contract certainly allows a provision for us to shorten the length of the contract if a provider fails to meet all of its terms.

Senator LUNDY—With respect to quite specifically the industry development requirements, is there scope within the contract for an exit clause that will allow the Commonwealth to terminate the contract if those commitments are not achieved?

Ms Burns—There are general termination clauses in the contract. There is not one that is specifically about industry development.

Senator LUNDY—Can you tell the committee whether or not a breach of the industry development requirements could, in fact, lead to a cancellation of contract, either reflecting on this particular contract or in general?

Ms Burns—In relation to this particular contract, I would have to take that on notice. There are a number of aspects of the contract that are definite causes for termination. I am not sure off the top of my head whether industry development is one of those. I cannot speak about general contracts.

Senator LUNDY—Is there anyone at the table who can provide a comment on that matter in terms of general contracts?

Mr Early—That was really the previous program. If you would like to put it on notice, we will answer it for you.

Senator LUNDY—Could you take that question on notice in relation to the previous program?

Mr Early—Yes.

Senator SHERRY—I am sorry I was out of the room. Are we talking about the contracting out of the corporate services areas?

Ms Burns—Yes.

Senator SHERRY—Have you run through the areas that are to be contracted out?

Ms Burns—No, not yet.

Senator SHERRY—Could you run through the areas for us, please?

Mr Fisher—Senator, before inviting Ms Burns to comment in detail, I will emphasise the point that we have not made a decision yet that anything will be contracted out. We are still

in the process of market testing. We will only make a decision to contract out when we have fully assessed the tenders against our criteria. That is still some way off.

Senator LUNDY—So you are actually benchmarking the base upon which the in-house services are providing services. Can you describe the process that you have gone through to establish those benchmarks?

Ms Burns—We are using both Ernst and Young and internal officers to develop a baseline costing model. The former DAS business support services, a part of which currently provides corporate support to DoFA, obviously has fairly good, detailed information about the cost of running that business. That will form part of those considerations.

Senator LUNDY—Can you confirm for me that that benchmarking process within the department not only complies with the department's own guidelines in establishing those benchmarks but forms part of the recommendations arising out of the Industry Commission report on the CTC of 1995-96? Is this a standard practice of benchmarking in-house services prior to DoFA outsourcing any of its functions that are currently dealt with in-house?

Mr Early—Again, this was included in the material that we provided to the questions on notice from last time. Essentially, we do not have a policy of either always having an in-house tender or not always having an in-house tender. It is a decision that we look at on a case-by-case basis. We certainly do have a policy that we will only contract out if that is the way that we can get better value for money.

Senator LUNDY—Mr Early, I will just clarify my question. It was not so much as to whether or not you allow an in-house bid but whether or not you went through the benchmarking process internally. Obviously, a subsequent decision of whether or not you allow an in-house bid is up to your political masters to decide to a large degree, I suppose.

Mr Early—The fundamental issue is that we make sure that we have enough information to be able to determine whether contracting out gives us better value for money. The extent to which that requires benchmarking will vary from case to case. From my point of view, the critical issue is making sure that we are getting value for money rather than a particular form of benchmarking. Clearly, when you are looking at an exercise as big as the corporate services one, more resources go into that exercise. If you are looking at a situation where the cost differential is very large, you equally put less resources into that.

Senator LUNDY—Can you go to an example of this? Once again, I am relying on something with which I am reasonably familiar. In DoFA's IT outsourcing contract with IBM, the figures available to the department about the expenditure on IT are obviously published. Is that figure cross-referenced with the pricing information and ongoing expenditure of the contract once the contracts are in place? Do you have an ongoing assessment of savings being achieved once you have contracts established?

Ms Wright—Yes, we have a regular monthly monitoring of financial performance against our projections with IBM.

Senator LUNDY—Is that practice standard across all your contracts and within all departments?

Mr Early—In respect of all departments, again, Senator—

Senator LUNDY—We would have to ask them?

Mr Early—Yes. In respect of our own contracts, I think, realistically, it varies depending on the nature of the contract. We have contracted out, for example, our internal audit. We do not do a monthly comparison of costs on that because it is a different animal altogether. I

repeat: the objective that we have is to get best value for the taxpayers' dollar. That is what is paramount. What we do is attempt to make sure that we have appropriate methodologies for achieving that, which, in big and complex contracts like the IT or the corporate one, will require non-trivial resources.

Senator LUNDY—From what you have described, that does not necessarily include a direct comparison with in-house costs.

Mr Early—Yes, it does. To use internal audit as an example, when we took the decision to contract out internal audit we had a detailed comparison of the costs of providing internal audit in-house. We had, obviously, the prices that had been tendered by the people that had bid for the business. We took the decision to go ahead, as you would presume one normally would, on the basis of price and value for money—price and quality.

Senator SHERRY—Which areas of corporate services are you examining?

Ms Burns—Senator, we have gone to the market with three components of our corporate services market testing. The first component is office services, which are things like printing, distribution, records management, management of our office supplies arrangements. The second component is facilities and accommodation management services, which involves managing our leased property estate for the department itself, building management services, some security services and a couple of associated minor things. A third component is financial and human resource support services, which essentially is the processing part, the operational part of financial and HR services in the department.

Senator SHERRY—On what date do you plan to make a decision about the formal tender process?

Ms Burns—Tenders close on 26 June. The tender evaluation team will conduct its considerations during July. We would hope to have a preferred tenderer identified by about the end of July or early August.

Senator SHERRY—Is that a tender for each of those three areas you have outlined?

Ms Burns—Yes. In fact, there is a short list of tenderers for each of the three components. Also, a number of organisations within that group have been given the opportunity to put forward a bid to act as prime contractor across the lot.

Senator SHERRY—How does that differ from the earlier outsourcing proposals being pursued separately by DAS—when it was DAS—and the Department of Finance?

Ms Burns—There are a number of differences. DAS was selling a commercial business called Support Services. This is a market testing of simply DoFA's corporate support. The DAS commercial Support Services business provided corporate support to both DAS and a number of external government agencies—about 11 or 12 of those. This process is focused on DoFA's own corporate support needs. Those external customers are making decisions about whether they return to their own home department, as most of them have, for corporate support or whether they choose to enter into negotiations with the successful tenderer of our services.

Senator SHERRY—I just want to get this clear. With DAS providing corporate services to some other departments, could you take on notice which departments that was to and also indicate whether they have gone in-house and whether those that have not are arranging their own tendering?

Ms Burns—I can answer that now, if you want me to.

Senator SHERRY—That depends on the length of it. I did not want to waste our valuable time.

Ms Burns—I will take it on notice.

Senator SHERRY—I thought it might be a little lengthy. If you were going to tender out, would it not have been preferable in terms of value for money to have tendered out the whole of corporate services? Why did you make a decision to tender just the part that came under Finance?

Ms Burns—In terms of value for money, because a number of agencies may access the same arrangements, we still have some benefits of size with the service we are offering to the market. The decision to focus on DoFA's corporate support needs was taken in line with our examination of the new Department of Finance and Administration's core business. Unlike DAS, we were not in the business of being in business and, therefore, were not in a position to offer a business management service to external clients beyond the point of outsourcing.

Senator SHERRY—Let us assume that the contracting out is going ahead. Surely the contractor that picked up that business could have provided that service to all of those departments, including Finance?

Ms Burns—Yes, and they still can for those agencies that are interested in doing that.

Senator SHERRY—You could end up with the same tenderer winning the contract but winning a series of contracts rather than one contract?

Ms Burns—That is correct.

Senator SHERRY—Do you think that is a particularly efficient way to go about it? Was there an evaluation of this approach?

Ms Burns—The decision made was partly, as I said, about contract management. When or if we outsource corporate support for DoFA, that will still require a small team of people within the department to manage the contract on behalf of DoFA. What DoFA was not seeing as its core business was managing that contract for other agencies and therefore being in the business of acting as the middle agent between the provider and other agencies.

Senator SHERRY—You have a number of generic services across the public service. I would have thought that you could possibly make more significant 'gains' by having a larger contract across the public service rather than by diluting it down into segments department by department?

Ms Burns—Because those agencies that have chosen to stay in this process are clearly identified in our request for tender document, the tenderers will cost the provision of service based on the overall size of service that they could be providing, albeit one contracting with DoFA and others contracting with others.

Mr Early—Essentially, the difference is between forcing agencies to take a particular provider and giving them the option to do so. I am not sure whether we could have done the former, anyway. What this does is enable them to participate if they wish to do so, not force them to do so. The point you raise is a very common one, as you are aware, with the Commonwealth; that is, if you put the purchasing power of the Commonwealth together, logically you get a sharper price. The cost of that is that you have less devolution of authority to the various Commonwealth agencies. That is a judgment that is made a lot and, depending on the circumstances, one might go one way or the other.

Senator SHERRY—I do not always accept the theory that there is an economy of scale with size. It does vary. What are the expected savings?

Mr Early—Very substantial expected savings, we hope.

Senator SHERRY—With respect to the contracting out that has occurred to date, what has been the normal ‘saving’?

Mr Early—In respect of corporate services?

Senator SHERRY—Not the area we have been discussing, but other areas where you have tendered out in your department? I am looking for a rough ballpark figure. I would not hold you to it.

Ms Wright—I might respond with respect to the outsourcing contract with IBM-GSA. The projected saving over a five-year period, over which the contract runs, is 45 per cent. That is not a straight line. Our projection for this year is 24 per cent, and we are more than achieving that at present.

Senator SHERRY—Why do you think that is? What are the identifiable savings?

Mr Molloy—Most of the savings are coming through volume discounts through our association with the DVA component of the tender in the desktop area.

Senator SHERRY—What about in the area of wages or salaries?

Mr Molloy—They are taken up by the outsourcer. They have wages and salaries to pay as well. The way it is structured is that they roll it into a desktop cost per individual. In this case, if we had 1,200 desktop suppliers and a certain amount of money, that is how it is calculated.

Senator SHERRY—In your contract specifications you do not set current public service wages and conditions do you?

Mr Molloy—No.

Senator SHERRY—One of the reasons they would make a saving is that they are not paying the public sector superannuation?

Mr Molloy—I do not know, because we are not privy to how they structure their internal costs.

Senator SHERRY—Do you think that is a reasonable assumption?

Mr Molloy—I cannot answer.

Mr Early—As to remuneration and other aspects of the package, we simply do not have information on their remuneration structure.

CHAIR—Are there any more questions on program 4?

Senator SHERRY—This is an industrial relations issue. Are you aware whether the union that covers the area, the CPSU, has attempted to cover the private contractor—I am not sure that it can do so legally—in any areas of your department that have been tendered out?

Mr Fisher—We do not know.

Mr Early—We have certainly seen no evidence of it doing so, but we do not know.

Senator SHERRY—Do you have any information on the number of staff that do transfer over?

Mr Fisher—Could I clarify the question? Are you asking about IT?

Senator SHERRY—Those areas that are successful, where there has been contracting out to date.

Mr Early—In the package of questions on notice we gave you relatively recently, there is some data on page 12 that gives you information on what happened in respect of our outsourcing of IT. That tells me there were 16 staff employed by IBM-GSA, so that is not a large percentage of the people.

Senator SHERRY—Is there any arrangement for those people to continue to be in the public sector superannuation schemes or is it a clean break approach?

Mr Early—We did a clean break. In terms of the super arrangements we could perhaps answer that under program 6. We will have people here who will be able to tell you.

[12.42 p.m.]

Program 5—Commonwealth civilian superannuation policy

Program 9—Commonwealth superannuation administration

Senator SHERRY—What are the operative dates for revision of the introduction of choice for the APS?

Mr Bartos—Those dates were announced by the Minister for Finance and Administration in the parliament a few weeks ago.

Senator SHERRY—So what work is being done at the present time on the introduction of choice?

Mr Bartos—There is a great deal of work being done in relation to the passage of legislation through the Senate for the introduction of choice per se. That timetable has been, as you know, put on to the longer timetable that applies to the community generally. There is less work on choice per se, though there still is a great deal of work in relation to the other elements of that legislative program.

Senator SHERRY—The Senate Select Committee on Superannuation spent a bit of time discussing this. Do you have any across-agency information about what is happening in each agency?

Ms Wilson—We really do not have much more information than our general impression that a few agencies had been considering what the options would be, but we are not aware of any agency having actually made a final decision.

Senator SHERRY—For example, we had the evidence earlier about, I think, Mercers being asked to do some work on the choice in the finance department. Could you take on notice what work had been done that you have knowledge of in other departments?

Mr Bartos—I do not believe we have any detailed knowledge of other work in other departments.

Senator SHERRY—So they have not been coordinating with you?

Ms Wilson—We do get asked questions from time to time, but they do not actually advise us of what stage they are at.

Senator SHERRY—Any estimate of the cost that has been clocked up to date on this policy?

Mr Bartos—There is no such estimate.

Senator SHERRY—You have not done it? Do you intend to do it?

Mr Bartos—We were not intending to. It is a matter for each department and agency.

Mr Early—Again, it is perhaps worth while pointing out that those costs are met within running costs, so there is no additional cost to the taxpayer. It is simply a rearrangement of departmental outlays.

Senator SHERRY—What is the current approach in respect of newly created GBEs? We touched on one earlier in relation to Sydney airport. What is the policy with new GBEs or corporatised agencies in respect of continuation in the PSS?

Ms Wilson—This is a decision for the minister. The minister looks at these on a case-by-case basis, usually.

Senator SHERRY—Could you take that on notice, Senator Kemp? I was a little intrigued, in the choice announcements, Senator Kemp, that the military were not included. Do you have any further information on that?

Senator Kemp—I do not have any further material here. I do not know whether any officers at the table have any information.

Senator SHERRY—In what way will outsourcing affect the administration of Commonwealth superannuation?

Mr McCullagh—Could you amplify for me what you mean by outsourcing in that context?

Senator SHERRY—Are there any current functions carried out either in the policy advisory area or in the actual operation of Commonwealth super programs that are going to be contracted out?

Mr McCullagh—I cannot answer for the policy side, but in terms of ComSuper and its administration there are already a number of areas of our operation which are outsourced, and progressively as a business unit we will be looking at those sorts of areas where it makes economic sense to look further at that. But at the moment we have no major areas of outsourcing that I could point to that would be of any help to you.

Senator SHERRY—Are you evaluating any areas at the moment for possible outsourcing?

Mr McCullagh—In terms of the administration of the superannuation schemes, it would be fair to say that we are evaluating all areas of our operations in terms of where they are most appropriately performed.

Senator SHERRY—With the implementation of choice there is to be a cost recovery of the administration. Is that correct?

Mr McCullagh—No. I do not think it is necessarily an issue related to choice. Certainly, from 1 July ComSuper is to become a business unit and it will charge for its services to employer agencies.

Senator SHERRY—And what is the charge to be?

Mr McCullagh—Under the arrangements that are being put in place, ComSuper will actually contract with the boards of trustees and the Department of Defence for the provision of administration services. It will be the board of trustees that will set the price that will be charged to employer agencies, and the board is yet to make that decision.

Senator SHERRY—So how will that work in practice? Let us take the military. They are a defined benefit fund. How will the cost of administration be paid?

Mr McCullagh—The cost of administration for both military and civilian in the past has been met from budget appropriation. What effectively is happening from 1 July is that ComSuper's budget appropriation is being devolved in relation to the military schemes to the Department of Defence and in relation to the civilian schemes to employer agencies.

Senator SHERRY—I notice in program 5 on page 36 there is provision for payment to ComSuper commercial activities fund for pensioner entitlements of \$4,381,000. What is that for?

Mr McCullagh—You were saying page 35?

Senator SHERRY—Page 36 under program 5.

Ms Wilson—Senator, I think that is perhaps misreported. It is actually moneys for the administration of pensioner entitlements. That is an administrative cost.

Senator SHERRY—So that is an incorrect description there?

Ms Wilson—Yes.

Senator SHERRY—I must say I was a little bit intrigued as to what it was. The next one was one that surprised me: anticipating a few losses at the election. How do you provide for an increased provision for parliamentary superannuation payments for election years?

Senator Kemp—I had better check this.

Senator SHERRY—That is right. Do you have an average loss ratio?

Senator Kemp—I might have a few questions myself.

Ms Wilson—I think we really take into account people who have announced their intended retirement.

Senator SHERRY—I thought that you might apply some sort of average loss ratio per election and come up with a sort of moving figure. But there is no underlying estimate of who is likely to lose, apart from those who have announced their intention to retire?

Ms Wilson—No.

Senator SHERRY—On the previous page, page 35, mention is made of administration of Commonwealth superannuation pensioners and preferred benefits. Is that again this devolution of cost?

Ms Wilson—Yes, I understand that is right.

Senator SHERRY—It has gone from zero to a figure of 4,381.

Ms Wilson—Yes.

Senator SHERRY—Why is there a figure in there for compensation and legal expenses? It has not appeared in previous years.

Ms Wilson—I understand that that figure was originally appropriated to ComSuper. It is now in our portfolio, as ComSuper is operating on a commercial basis.

Senator SHERRY—So again, it is this devolution of costs.

Ms Wilson—Yes.

Senator SHERRY—I have just a couple more questions. I note from your answer to my question on notice that the costs of the super tax surcharge, whatever words you choose to use, is some \$3 million.

Mr McCullagh—That is right, Senator. That is the cost incurred in ComSuper.

Senator SHERRY—I notice also in respect of the answer that you do not know what members of the scheme it administers will be affected until assessments are made by the Australian Tax Office and advised to ComSuper. At what stage is the assessment process at?

Mr McCullagh—Senator, I can advise you that in relation to the two civilian schemes, we provided information to the Tax Office in relation to about 203,000 members of the CSS and the PSS. The Tax Office has advised of surcharge debts in the case of 9,700 members.

Senator SHERRY—That is the total membership—203,000? That is right?

Mr McCullagh—Yes.

Senator SHERRY—There are 9,700. Do you know if they have all received their assessment notices yet?

Mr McCullagh—I certainly have.

Senator SHERRY—What about the military?

Mr McCullagh—At the moment, there are some difficulties with us being able to extract the data for the military. We are expecting that the information that is required by the Tax Office will be sent to them this month in relation to the military superannuation and benefits scheme. However, in relation to the DFRDB scheme, we have sought a delay on that. It is unlikely that we will be providing data or able to provide data before October.

Senator SHERRY—October this year? That is after the due date for payment.

Mr McCullagh—It is. We have discussed that issue with the Tax Office.

Senator SHERRY—What is the difficulty?

Mr McCullagh—Part of the difficulty is in relation to the computer system. The DFRDB system itself was constructed in the early 1970s. We are having difficulty in having that amended to comply with the notional surcharge calculation factors that need to be used to determine the amount of employer add-on to the benefit. That is the subject of a major redevelopment project at the moment.

Senator SHERRY—What other difficulties are there?

Mr McCullagh—It is primarily systems.

Senator SHERRY—Any other difficulties?

Mr McCullagh—None that I can think of at this particular point. Primarily, it is a matter of systems being able to extract the data in the form that is required by the Tax Office.

Senator SHERRY—What about the actuarial calculation? Has that presented any difficulty?

Mr McCullagh—The board of trustees has to make a decision in terms of the notional contribution surcharge factors. That has been a subject of ongoing discussion at board level. The board is yet to make a final determination in terms of that.

Senator SHERRY—How do you mean they are yet to make a final determination?

Mr McCullagh—The board has certain obligations under the provisions. For example, they can make decisions in terms of whether a surcharge debt as calculated applies or not. So there is some discretion that the board has to make in certain circumstances. That is basically the area on which the board is currently seeking advice.

Senator SHERRY—Has the board received any complaints about the assessment to date?

Mr McCullagh—I am not aware of any complaints. That is not to say that there will not be, but certainly at this stage our office has not received any complaints about assessments.

Senator SHERRY—When did the assessments go out to the military?

Mr McCullagh—In terms of the military, they are yet to go out.

Senator SHERRY—No, not the military.

Mr McCullagh—In terms of the civilians, the Tax Office actually sent out assessments most recently. ComSuper itself is sending out by the end of this week, probably, an advice to each member—each of those 9,700—advising them of their surcharge liability and also advising them in relation to the options that they have for disposing of that liability.

Senator SHERRY—And what do you see is the disputes procedure in the event of a dispute in respect of assessment?

Mr McCullagh—I would imagine—perhaps my policy colleagues can help—that that would be a matter for the Tax Office and the individual.

Ms Wilson—That would be our understanding.

Senator SHERRY—Has there been any discussion with state government run superannuation funds about the approach on the super tax surcharge?

Mr McCullagh—I cannot speak from a policy perspective. Certainly, ComSuper as an administrator liaises with other schemes in terms of how they are approaching the implementation of the scheme. I suppose, in many respects we have been approached by those schemes in terms of exchanging information on how we have gone about implementing the new arrangement. But if the question is aimed at the policy element, I am not familiar with that. Certainly, we have had no discussions with state organisations about it.

Senator SHERRY—And in the policy area?

Ms Wilson—Senator, we have not had any recent discussions with any of our state colleagues. When the legislation was before the parliament, they discussed with us the provisions we had there but since then we have not discussed anything with them on the surcharge.

Senator SHERRY—Are you aware of what stage they are at in respect of actuarial calculations and assessment notices?

Ms Wilson—No. I know that some states have not got the legislation amendments through.

Senator SHERRY—I am glad you have reminded me of that. That was a concern that I have had for some time. How many states have we got?

Senator Kemp—Senator, I think that these questions would be better followed tomorrow when we have the appropriate officers at the table who have been liaising with the states. I am sure that you will have some questions there.

Senator SHERRY—Yes, I will.

Senator Kemp—I think it would be more appropriately dealt with there.

Proceedings suspended from 1.01 p.m. to 2.07 p.m.

Program 6—Property and contract management

Senator SHERRY—Page 38 refers to overseas property rent on vacant leased space increasing significantly. Could I have an explanation, please?

Ms Campbell—The vacant rent now identifies the land rents paid on space overseas. Previously this was included in commercial rents, but it has actually been separated this year.

Senator SHERRY—What do you mean by land rent?

Ms Campbell—If we build an embassy overseas, for example, and we still pay rent on the land that the embassy is built on, sometimes we pay that every year. Now we have separated that amount from the rent that is paid on the actual building by client agencies.

Senator SHERRY—So has there been any real increase in the rent on vacant leased space?

Ms Campbell—No, there has not.

Senator SHERRY—In relation to ‘Overseas property services—major acquisition and works’, can you give us an outline of the figure for 1998-99 of \$32 million? What is that for?

Ms Campbell—That money has been identified for construction of staff housing in Seoul.

Senator SHERRY—Nowhere else?

Ms Campbell—No, just at Seoul at this point.

Senator SHERRY—And that may change because of the movements in the Australian dollar, or is it based on local construction costs?

Ms Campbell—All those projects are being reviewed at the moment, given the economic activity in Asia.

Senator SHERRY—Page 41 states that Removals Australia projects a trading surplus sufficient to generate a net rate of return of at least 25 per cent. Is there someone who can give me an explanation?

Mr Sweeney—That is a commercially acceptable target that we are shooting to achieve, and that will be based on the net assets that we expect to have in the books at that point in time.

Senator SHERRY—That is a very good rate of return if you achieve it.

Mr Sweeney—We expect to achieve that, based on the fact that we have a balance sheet which has a limited amount of capital in it.

Senator SHERRY—Is that slated for privatisation?

Mr Sweeney—I could not answer that question, Senator.

Senator SHERRY—If there has been any announcement—

Mr Bowen—The answer is no at this point in time.

Senator SHERRY—It then goes on to say that a commercially acceptable rate of return on the property portfolio will be realised. What is that in reference to?

Mr Bowen—That refers to the fact that we have a large property portfolio both overseas and domestically. The government has announced already on the domestic side of the portfolio that it requires I think a 15 per cent rate of return currently or it is divesting of property and, equally on the overseas portfolio, that there will be a rate of return target set, but that target has not yet been set.

Senator SHERRY—These are rentals that will be paid by embassies?

Mr Bowen—Yes.

Senator SHERRY—And whatever else we have?

Mr Bowen—Yes.

Senator SHERRY—So to achieve whatever rate is set, that price will be charged against, in that case, Foreign Affairs?

Mr Bowen—Yes, based on market rents in the countries where they are located, Senator.

Senator SHERRY—Does that present any difficulty? For example, property prices in Tokyo have collapsed, although I am aware that we got a very good deal on the sale of the old embassy site and we came out of it with a profit. We sold at the right time. But if it is based

on commercial rents, does that necessarily give you a commercial rate of return on the value of the property?

Mr Bowen—It may not at a particular point in time, but of course we are looking at appropriate rates of return over a significant period of time.

Senator SHERRY—How was the rate of 15 per cent set?

Mr Early—This is the social opportunity cost of capital, which we have talked about for lengthy periods of time previously, you will recall, with domestic property. The government's policy was that, unless the return on the property was sufficient, it would essentially get out of the business of being a building owner.

Senator SHERRY—Is 15 per cent what applies in the commercial private sector?

Mr Early—Returns on property in the private sector, depending how you calculate it, would give a little less than that—12 per cent.

Senator SHERRY—Why is it set at the higher rate, then?

Mr Early—That really goes to the thrust of government policy, but the underlying principle is that government is fundamentally a purchaser of property services in order to deliver the business of government, rather than in the property owning business per se.

Senator SHERRY—Senator Kemp, can you throw any light on why you have set a rate of 15 per cent vis-a-vis 12 per cent in the private sector?

Senator Kemp—I am not sure I can add too much more.

Mr Early—I can. I was shorthanding because we have talked about it frequently in the past, but essentially the argument was that the Commonwealth government's investment in property ought to be returning a rate of return at least equal to the alternative best use of that capital. It is not so much a profit target but an opportunity cost of capital concept; in other words, the Commonwealth's capital constraints. It has more socially desirable uses for its resources than it can fund and therefore it ought to be rationing its capital appropriately.

Senator SHERRY—Are you aware of any comparable OECD countries that adopt a similar approach?

Mr Early—I simply do not know the answer to that. A parliamentary committee inquiry into this issue was mooted. It actually got aborted, but we prepared a submission for that which we could happily provide to the committee. I do not have it with me now.

Senator SHERRY—Thank you. I would not expect it now.

Senator MURPHY—Can you tell me where I might find in program 6 the breakdown of costs associated with estate management, particularly as it relates to overseas travel and OPG?

Mr Bowen—You will not find it in this document, but we could give you that separately.

Senator MURPHY—Can you tell me how much that has been for the year to date?

Mr Bowen—I could not tell you that without checking.

Senator MURPHY—You can take this on notice as well: some information has been provided to me that suggests that, in the 1996-97 year, some \$432,000 was spent on overseas travel by officers of OPG. I would like the same information, including the costs of each of those trips, with regard to the year-to-date figure for the 1997-98 year. Would you include the names and positions of the officers who took those trips, the cities to which those trips were taken, including en route cities, et cetera, and a breakdown of the air travel costs, the travelling allowance payments, accommodation costs, et cetera, including any consultants who took those

trips, any tradespeople in whatever form who took those trips and the purpose of those trips. Is Mr Hancock here?

Mr Hancock—Yes.

Senator MURPHY—I would like some understanding about how this works, because the information I received before was somewhat limited. I see a number of trips have been taken to the same place in the same month for what would appear to be not dissimilar things. I am just wondering what efforts are made to arrange trips concurrently to save four visits to one place on more than one occasion. Do you have any advice in regard to that?

Mr Hancock—Our overseas travel program is a mixed situation. At any one time, we have a number of major projects and medium-sized projects in various locations which demand our attention numerous times during the year. Then we have the more routine travel requirements for investigations into the real estate market, valuations and the general estate management side of OPG. It is a mixed situation. Sometimes a post might get frequent visits from OPG depending on the project that might be on; in other situations it might be a routine matter of valuations on a rolling program, the usual real estate situation that we have running. We can certainly provide you with the answers.

Senator MURPHY—Are you aware of the document that I am talking about that was provided by you?

Mr Hancock—Yes.

Senator MURPHY—Do you have a copy of it?

Mr Hancock—No, not with me.

Senator MURPHY—I will give you a copy of that, because there are a couple of questions that I would like to ask you specifically about that. On page 1, which relates to that expenditure in the financial year 1996-97, going down to the eighth block, which relates to an amount of \$64,500, the skill area is marked as 'executive', then there is a list of places visited over a period. They would appear to be a number of trips, I assume.

Mr Hancock—That is correct, yes.

Senator MURPHY—By the one person?

Mr Hancock—No, that is by three different people.

Senator MURPHY—By three different people?

Mr Hancock—Yes.

Senator MURPHY—Do you have the names of those people?

Mr Hancock—The former general manager of OPG, Steve Palywoda; the former assistant general manager of OPG, Malcolm Coleman; and me.

Senator MURPHY—Which trip did you take?

Mr Hancock—I would have to check, but it is likely to be Singapore and KL.

Senator MURPHY—The first two—the seventh month 1996?

Mr Hancock—Yes, but I would have to check that, I must confess.

Senator MURPHY—You said 'former general manager'.

Mr Hancock—Yes.

Senator MURPHY—Did those people retire?

Mr Hancock—They have left the service, yes.

Senator MURPHY—When did they leave the service?

Mr Hancock—I think Mr Palywoda left the service in June last year. Mr Coleman left the service in August last year.

Senator MURPHY—In August last year?

Mr Hancock—I think that is right.

Senator MURPHY—Could you also provide me with the information that I just requested with regard to all of those trips?

Mr Hancock—Yes.

Senator MURPHY—With regard to the second one, ‘technical documentation’—Kuala Lumpur and Bangkok, I assume—it occurred in the seventh month of 1996; looking down further to ‘engineering, electrical’ in the seventh month 1996 to Kuala Lumpur/Bangkok; looking down to the seventh month 1996, ‘technical building, Bangkok’; and then over the page, I think we have another one to Bangkok. They were all in the same month. Very bare information has been provided in this document. I assume that they are three different people, or is it more than three people?

Mr Hancock—I think it is three different people. Again, without pulling out the files and checking, I cannot be sure. I suspect it is three different people.

Senator MURPHY—Could you provide all that information for me, please?

Mr Hancock—Yes.

Senator MURPHY—When we build overseas or purchase and then refurbish buildings, is it the practice that we would be required to construct those buildings in accordance with the local building requirements or standards?

Mr Hancock—It depends very much on where we are building. I can just talk through an example, if you like. We recently finished a complex in Hanoi in Vietnam. That building was constructed to Australian standards, because there were no local standards to follow. We have been going through a refurbishment of our premises in Washington, where we are abiding by the Washington D.C. construction standards.

Senator MURPHY—I know Hanoi, but with regard to all the other areas to which these visits seem to take place and the reason for which they seem to take place, can you provide me with information that relates to what you do in terms of meeting building standards in each of the locations to which these visits are related?

Mr Hancock—Yes.

Senator MURPHY—Can you also provide me with a list of consultants that have been used, the names of those consultants, what they were employed for and the cost of their employment?

Mr Bowen—Can we just clarify that? Are you talking about consultants who have been used overseas or more generally?

Senator MURPHY—No, across the board.

Mr Bowen—Across-the-board in the overseas portfolio?

Senator MURPHY—Overseas and the national estate—

Mr Bowen—And the domestic estate.

Senator MURPHY—With regard to the Berlin chancery project, as I understand it, we purchased a building for about \$15.2m. We are proposing to spend nearly \$40m on refurbishing it; is that right?

Mr Hancock—That is correct.

Senator MURPHY—What would be the real estate value of that property at the completion of those refurbishments?

Mr Bowen—I do not think we can give you an answer to that today.

Senator MURRAY—I would appreciate it if you could provide that information. I also note that you are still seeking agreements with DFAT, DMA and Defence with regard to lease arrangements. Have they been concluded?

Mr Bowen—Not to my knowledge.

Ms Campbell—Defence has agreed.

Senator MURRAY—Could you provide me with some information about how that is progressing?

Ms Campbell—Yes.

CHAIR—That completes program 6. Thank you officers.

Program 13—Australian National Audit Office

CHAIR—I welcome the officers from the National Audit Office.

Senator ROBERT RAY—In regard to the audit office's work on the Natural Heritage Trust, was that document sent to the President to be released out of session or was it sent to be tabled in the parliament?

Mr McPhee—I will seek clarification on that.

Mr Lewis—I think it was tabled in the parliament.

Senator ROBERT RAY—I understand it was tabled in the parliament, but there are two ways of Auditor-General's reports reaching people. One is by tabling them in the parliament, which is the normal way, but if we are out of session I think they can sometimes be released through that methodology. Do you think this one was tabled in the parliament? That was my impression.

Mr McPhee—That is correct, yes. All of our reports go to the President and the Speaker and they are tabled on behalf of the Auditor-General. It is just that when parliament is not sitting we table reports out of session, but when it is sitting we table them in the parliament.

Senator ROBERT RAY—Can you remind me of the day on which it was tabled?

Mr Lewis—I think it was 12 May.

Senator ROBERT RAY—Tuesday, 12 May?

Mr Lewis—That is correct.

Senator ROBERT RAY—Did anyone from the audit office leak this to newspapers beforehand?

Mr McPhee—Not that we are aware of. In fact, we were quite concerned that the draft report had been leaked. As you would appreciate, we do have a due process which requires our reports to go to interested parties in advance for comment and strict confidentiality requirements apply. Further, after the leak the Auditor-General wrote to the departments and

ministers expressing his concern and requesting that strict adherence to our policy be taken into account.

Senator ROBERT RAY—You talked about the leaking of the draft report. My interpretation from reading newspaper reports is that it was the final report that was covered there.

Mr McPhee—The final draft, if I can put it that way—it is not a printed report generally—goes to the responsible ministers a couple of days beforehand.

Senator ROBERT RAY—I see, so we are talking about that. The reason for exposing a draft report is usually in two tranches. The first one is so that they can respond and have their comments included or you can indeed, on rare occasions, admit to a slight misinterpretation and change that. That is right, is it not?

Mr McPhee—Indeed.

Mr Lewis—If I can just add something: the Auditor-General's act now requires us to send copies of the report to various ministers just before tabling it.

Senator ROBERT RAY—In the case of this report, would I be right in saying that a draft report was sent to the Minister for Environment and the Minister for Primary Industries and Energy?

Mr Lewis—Correct.

Senator ROBERT RAY—Anyone else?

Mr Lewis—I think the Prime Minister and the Minister for Finance and Administration.

Senator ROBERT RAY—Naturally the Minister for Finance and Administration, yes. So this draft report went to four ministers?

Mr Lewis—That is correct.

Senator ROBERT RAY—Did it go anywhere else?

Mr Lewis—To the departments as well.

Senator ROBERT RAY—To the departments as well? So in terms of suspects responsible for this getting into the newspaper, especially in the form it did, you say the Auditor-General did not put it in there. That is consistent with all your other audit reports, I would have to say. One has to make an assumption that someone either from one of the departments or the ministers' offices put this in the public domain.

Mr McPhee—That is the full list of people who received the report, and we have no basis on which to say from where it may have been leaked.

Senator ROBERT RAY—Once you saw these newspaper reports, especially on 11 May 1998, you are saying you took action to write to departments or ministers' offices?

Mr McPhee—Both.

Senator ROBERT RAY—What was the nature of that correspondence? Were you pointing out the audit act provisions?

Mr McPhee—It was just pointing out the fact that it was obviously leaked—I do not think we used that word—and that we were most concerned about this, and that our current practices might have to be reviewed if we could not rely on the integrity of the system. I should add that we have been able to rely on it for a long time.

Senator ROBERT RAY—Minister, can you assure us that it was not the Minister for Finance and Administration who put this stuff in the public domain?

Senator Kemp—I can assure you that the Minister for Finance and Administration well knows all the rules and I suspect the others do, too. I have no particular knowledge on this. I have not conducted an investigation.

Senator ROBERT RAY—So someone knowing all the rules deliberately flouted them?

Senator Kemp—I cannot shed any light on it.

Senator ROBERT RAY—But someone who knew all the rules deliberately flouted them?

Senator Kemp—You are making assumptions there. One would hope that everyone would know all the rules.

Senator ROBERT RAY—I thought you said they knew—

Senator Kemp—I thought you were asking about the Minister for Finance and Administration.

Senator ROBERT RAY—I will tell you something: I think he is cleared, too.

Senator Kemp—I am sure he will be mightily relieved to hear that.

Senator ROBERT RAY—I think we could have a pretty accurate guess, but we will not canvass here exactly who put it in the newspaper.

Senator Kemp—I think that is very appropriate.

Senator ROBERT RAY—I think you could make the same educated guess.

Senator Kemp—I think it is very appropriate that we do not canvass what we do not know.

Senator SHERRY—I just wanted to go to your two audits dealing with the issue of the year 2000 problem. You issued a specific audit on risk assessment and management of Commonwealth agencies and then there is a further reference to the problem in the July to December 1997 audit activity report. I have asked a few questions to date and there will be some more in the OGIT area when we get to it. At page 95 of the July to December 1997 report, you outlined, for example:

For the most part agencies have not been able to show that appropriate management and reporting structures have been put in place to support a whole-of-business approach to the problem and assure effective corporate governance of Year 2000 risks.

It then goes on:

Few agencies have estimated the full cost of achieving Year 2000 compliance.

I assume you have ongoing monitoring of this. Has there been any significant improvement on this report?

Mr McPhee—Because of the reasons that you have pointed out there, we are quite concerned about the preparedness of Commonwealth agencies to deal with this particular problem. We are currently doing another follow-up audit to gauge the attention that agencies have given to this issue since that report was released. Normally, we follow-up audit reports two or three years after the audit report but, because of the significance of this matter and the short period of time, we are quickly pursuing the matter and we hope to table that later this year.

Senator SHERRY—This issue has had a great deal of—I think rightly—scrutiny by a range of agencies worldwide. I notice there was a report on the ASX in Australia and the work it is doing. By law I think the American government is requiring the major corporations in the

United States to undertake some sort of compliance activity. I must say I was concerned to read that OGIT had received 67 out of a potential 94 compliance plans and that OGIT observed that the quality and comprehensiveness of the plans was highly variable. What is your latest assessment of the number of agencies that are complying to what you would regard as a satisfactory level?

Mr McPhee—We do not have those figures. It might be something that OGIT could tell you in terms of the current statistics. One of the great benefits of an audit, apart from informing parliament about the situation, is the stimulus it provides to agencies to actually focus on an issue. We are certainly hoping that our report has provided that stimulus.

Senator SHERRY—I must say personally that I am the last one to know much about this issue. I only just started my computer course this week.

Mr McPhee—The other thing that OGIT could tell you more about is that the government has taken certain action to underline the importance of agencies addressing this, including making funds available.

Senator SHERRY—Yes, we certainly observed the allocation of funds. But I raised with Finance in our general questioning why agencies have not made specific provision within their estimates at this stage. I accept and acknowledge—and I think it is a reasonable approach—that the government has put in \$120 million or \$140 million—

Mr McPhee—It is about \$140 million.

Senator SHERRY—That is a solid response. But I am particularly concerned about the approach of the agencies. They are not named here.

Mr McPhee—I suspect that many agencies, prior to the government's making those funds available, would have expected to have to incur the costs themselves. That is probably why there has not been special provision made in the appropriations for that purpose, as they would expect to absorb it within their normal running costs.

Senator SHERRY—From our point of view, the other substantial issue is that if they do not get it right there will be a major impact not just on their agencies but also on the clients they serve.

Mr McPhee—Indeed.

Senator SHERRY—When will you have further information for publication?

Mr McPhee—Based on our internal timetabling, we expect to table our next report on 10 December this year.

Senator SHERRY—Will you be detailing the activities of the agencies in that report?

Mr McPhee—We will follow up broadly on the issues we have covered there.

Senator SHERRY—Will you provide a list of agencies that are doing well or badly?

Mr McPhee—We generally do not get into that level of detail. What we did as a result of this report, though, is that we wrote to each agency—while that is a generic report—saying, 'Based on our assessment, this is how you fit within the scheme of things', so that they have the benefit of at least our perspective on their position. I expect we would do something similar.

Senator SHERRY—Have you had any contact internationally in relation to the approach being taken by other bodies such as your own?

Mr McPhee—Yes, we do. We have strong communication links with the USGAO, the Canadian Audit Office and the UK National Audit Office. Importantly, we look at all areas to find information relevant to our audits and not just to other audit offices. As you might expect, recently the Tasmanian Audit Office, for instance, did a report on the year 2000 in Tasmania. Understandably, it is a matter that many audit offices are looking at.

Senator SHERRY—How do you think our approach to the problem rates compared with that of other countries?

Mr McPhee—Everyone is probably feeling that we are a bit behind the eight ball. A lot of agencies, including this office, are giving encouragement to agencies to treat this as a priority matter at this time.

Senator SHERRY—Do you think there is a level of urgency in terms of recognition of the problem?

Mr McPhee—I believe there is. Clearly, you cannot generalise. I believe that through the actions of our office with the government a lot of focus is being given to it. As you say, the stock exchange is requiring particular disclosures on behalf of companies. If people are not hearing the messages, I think they will have some questions to answer in the year 2000.

Senator SHERRY—Yes, but hopefully the climate of opinion is such that we do not have problems in the year 2000.

Mr McPhee—I agree.

Senator SHERRY—As one who does not personally appreciate the dynamics of computers—and I am trying to learn—it appears to be a pretty serious problem.

Mr McPhee—Indeed it is.

Senator SHERRY—I wish to touch on a couple of other matters arising from the July to December 1997 audit activity report. I turn to the third tranche sale of the Commonwealth Bank. I note page 87 states that the costs of the sale of the third tranche ‘are estimated to be some 1.7 per cent of gross proceeds which the ANAO considers to be reasonable and compares favourably with previous Commonwealth public share offers.’ It continues:

However, the figure is higher than the 1.5 per cent of gross proceeds achieved in the second tranche sale of the Bank. The ANAO considers that international selling commission levels should have been subject to greater competitive pressure as a means of lowering sale costs.

What do you mean by ‘greater competitive pressure’?

Mr McPhee—I am not across the details of that, but I could certainly get back to you. We obviously have concerns that there could have been more competitive arrangements in place on that.

Senator SHERRY—Do you conduct a performance audit of all of the sales?

Mr McPhee—Most sales.

Senator SHERRY—What have you got going at the moment?

Mr McPhee—We have the DAS business units, about which I think you asked some questions of us last time. That is due to report in late August. We are also looking at the Telstra part privatisation at the moment. We are doing some work, from memory, on the Australian National Railways. We do appreciate the high profile government activities and we do pay fairly close attention to the sales program.

Senator SHERRY—What about Australian Defence Industries, ADI?

Mr McPhee—As far as I am aware, we have not programmed ADI. We always come in after the sale. As a general comment, we are trying to advance our audit program so that it is a bit more contemporary. But in the area of asset sales we have a clear policy that we do not get involved until after the sale itself.

Senator SHERRY—So you will be doing ADI?

Mr McPhee—A decision has not been made. Apart from the Auditor-General having a view on these matters, under our new Auditor-General Act we also consult with the Joint Committee of Public Accounts and Audit to discuss our program. So we would take into account its views as well.

Senator SHERRY—You mentioned the rail corporation. What about the national transmission network?

Mr McPhee—No, we have not programmed anything on the national transmission network.

Senator SHERRY—What about the AIDC?

Mr McPhee—I am not aware that we have programmed anything to date. I can get back to you on that as well.

Senator SHERRY—If you could. When it is decided to sell a particular government business, do you carry out any activity prior to the sale, or is it always after the sale?

Mr McPhee—I might ask Mike Watson, who is on our financial statement side, to comment to the extent that we do get involved on some of the bodies prior to the sale.

Mr Watson—As a general principle, sometimes we have been engaged in some ‘due diligence-type arrangements’. I use that word advisedly.

Senator SHERRY—Why do you use it advisedly?

Mr Watson—‘Due diligence’ has a strict meaning in a legal context between the buyer and seller. Arrangements are put in place and we look at the accounts from a financial statement perspective in an audit context, as distinct from a valuation context, to make sure that the due processes are reasonable. We have done that on some of the sales of DAS entities and some of the Federal Airport Corporation sales, from memory. There have been a couple that we have looked at.

Senator SHERRY—In relation to the areas we have just been discussing—rail, ADI, the transmission network and the AIDC—have you had any role in respect of those prior to selling?

Mr Watson—No, not specifically on any of those.

Senator SHERRY—None of those?

Mr Watson—No. I do not recall our having any role.

Senator SHERRY—I take it that, consistent with the examination of the third tranche sale of the Commonwealth Bank, you look at the costs of the sale?

Mr McPhee—Yes, we do.

Senator SHERRY—What is involved in that? Obviously, you look at the cost, but do you look at the contractual arrangements?

Mr McPhee—Yes, we look at some of the contractual arrangements—not all of them, but we do look at some, yes.

Senator SHERRY—The only other comment I make is that I did read the audit of the audit office. Well done.

Mr McPhee—Thank you.

[2.56 p.m.]

Program 10—Office of Government Information Technology

Senator LUNDY—With respect to the \$127 million allocation for the year 2000 problem, in the minister's statement he acknowledged that the cost for the mission critical services within the Commonwealth departments is \$600 million. Has your office made any assessment as to how you can further prioritise as to what constitutes mission critical down to the level of funding that the government supplied?

Ms Steward—Agencies are responsible for identifying what their business critical systems are, and they are continuing to do that as part of their normal process.

Senator LUNDY—We will talk in terms of the \$120 million that OGIT will be administering, because that is perhaps the more accurate way to describe it. How would OGIT prioritise the expenditure of that \$120 million?

Ms Steward—Agencies are required to submit bids to the office substantiating their claims for that. The office will look at those and then prepare recommendations to the minister, and it is up to the Minister for Finance and Administration and the Treasurer to make a final decision.

Senator LUNDY—So you must have criteria for assessment within your office.

Ms Steward—They are being developed at this time in consultation with Finance and Treasury.

Senator LUNDY—Can you provide those to the committee when they are available?

Ms Steward—We will take that on notice to do that.

Senator LUNDY—That criteria for the expenditure of the \$120 million, what is your process for developing it at the moment? With whom are you consulting within Commonwealth agencies and outside?

Ms Steward—We are doing work internally within the office at this time. It is early days.

Senator LUNDY—Is it your intention to engage any consultants to assist you with that work?

Ms Steward—Not at this point. We feel that we will be able to do it internally, but if we need to get external expertise on that we would certainly look to that.

Senator LUNDY—What is your time frame for developing these criteria?

Ms Steward—The provisions for seed funding become available on 1 July, so we are working quickly now.

Senator LUNDY—So on 1 July agencies will be able to start making bids?

Ms Steward—That is correct.

Senator LUNDY—It has taken the government a terribly long time to come up with an allocation of funding within the computer department. We have on the public record a series of representations made from just about every sector with respect to the challenges facing them, but also many calls to the government to address their own agencies and their own concerns. Perhaps I will direct this question to the minister. Minister, can you provide an

explanation as to why it took until this year's budget for an allocation to be made by the government to support government agencies in achieving year 2000 compliance?

Senator Kemp—My understanding is that government agencies have been directed to commence this activity, and some seed funding has been considered.

Senator LUNDY—My point is that the imperative facing government departments around the world has been known for quite some time. My question quite specifically goes to the heart of the negligence of this government in not addressing this issue sooner.

Senator Kemp—I wonder whether we could stick to questions. We can have a debate about this. I do not think it is appropriate. You can make a political point. I can easily give a rejoinder. I do not think it advances it all that much. We have some officers here who are prepared to provide factual answers. Why not use them?

Senator LUNDY—In terms of the \$120 million expenditure, was that a proposal submitted to cabinet for consideration in this year's budget by OGIT, or did it come from somewhere else?

Senator Kemp—I do not think we give information on the advice to government.

Senator LUNDY—I am not asking about the nature of the advice. I am asking whether it was OGIT that actually put up a submission to the minister's office in relation to this issue.

Senator Kemp—That is advice to a minister.

Senator LUNDY—We know you provide advice to the minister.

Senator Kemp—If you are asking me whether OGIT gave advice to the minister or put a submission to the minister, that is advice to the minister.

Senator LUNDY—I am not asking for the content of the advice. I am asking whether OGIT did fulfil that role of providing that particular submission to cabinet.

Senator Kemp—Again, I do not have authority to discuss submissions to cabinet; nor do I have authority, unless I get guidance from Minister Fahey, to discuss who may or may not have provided advice on submissions to cabinet.

Senator LUNDY—As a general procedure, would OGIT be the section to provide advice to the minister's office on Y2K compliance issues?

Senator Kemp—In the most general possible way. I do not want you then to move from the general to the specific. I think that, in general, the answer is that OGIT does those types of things.

Senator LUNDY—I would suspect so.

Senator Kemp—I am glad we are able to confirm it then!

Senator LUNDY—Is it true that, in terms of representations to the minister, OGIT's estimation of the compliance costs, being \$600 million, was rejected and dropped down to \$120 million?

Senator Kemp—We made seed funding available to agencies to assist them. I do not think there are any figures that I am able to provide in the sense that you asked the question, unless any officer can add anything to it.

Senator LUNDY—There have been some reports in the media that, in fact, the compliance costs of government agencies will exceed \$3 billion. Would you care to comment on some of the estimations that are being circulated in the public arena about the compliance costs and

what research OGIT has done to actually arrive at the figure of \$600 million for mission critical compliance issues?

Senator Kemp—Agencies are still getting their information. There seem to me to have been a number of figures thrown around in the public, but agencies are getting together the figures for their compliance costs. As far as I am aware, there is no figure that I can put before the committee at this stage.

Senator LUNDY—Minister, my question goes to not so much the advice but just the formula that OGIT utilised to come up with the figure of \$600 million in the first instance. Is that provided by the respective agencies and a simple sum of those—

Senator Kemp—I think as a broad statement that is correct. I think the \$600 million is comprised of figures that have been estimated on the basis of information given by agencies. That is the advice I have received from the officers.

Senator LUNDY—Can that advice that was provided to OGIT by the agencies be supplied to the committee?

Senator Kemp—I think that is a matter for the minister to determine. I will put your request to him.

Senator LUNDY—Certainly, Minister, there is absolutely no reason why that could not be provided to the committee, as far as I can see, unless you are going to attempt to—

Senator Kemp—Senator, do not get political. I will mention to Mr Fahey that you do not see any reason why advice should not be provided and he will make a judgment whether he agrees with you or not.

Senator LUNDY—In the distribution of this \$120 million, the minister's statement identifies that it is seed funding. Can you provide a description on how OGIT will manage the allocation of that, going back to your point about the ministerial discretion signing off on it? Perhaps to save time, if you could take that on notice to give a full explanation of those procedures and processes that you have in mind for that particular expenditure.

Senator Kemp—We will take that on notice.

Senator LUNDY—The quarterly reports that the Department of Finance has refused to make public define the current status of the various departments in achieving compliance. The response to a question I asked during the last round of estimates about whether or not it was in the public interest that the status of the year 2000 compliance be released publicly was that the government was currently considering making that information public but that there were a number of legal issues that required examination before any decision was made. I want to explore those legal issues further, but has there been any reconsideration of the government's decision to not disclose those quarterly reports?

Senator Kemp—My understanding is that this is still being considered by the government, Senator.

Senator LUNDY—And when will they make a decision?

Senator Kemp—I am not aware when they will make a decision. I would generally say in these things 'as soon as possible'. I know that does not provide much enlightenment.

Senator LUNDY—Is the timetable contingent upon the provision of the seed funding for government agencies? Is it attached to the consideration of that expenditure?

Senator Kemp—No, I think the issue is the legal issues. The advice I have received from officers is that it is the legal issues which are turning their minds at the moment.

Senator LUNDY—The US government currently releases its quarterly reports entitled ‘Progress on the year 2000 conversion’, and the content of that report identifies their mission critical systems and summarises the agencies’ progress based on their reports to the office coordinating their approach. In looking through it, Minister, I find that there do not seem to be any issues of particular sensitivity that have not been able to be overcome in the US context. Whilst you have cited legal issues generally, are there any specifically unresolved areas that you can point to as some sort of justification for keeping these reports secret?

Senator Kemp—Senator, I do not think I am in a position where I can canvass the sorts of legal issues. If there are any officers who wish to speak on this they can, but I think probably the best and most satisfactory thing to do is to take that question on notice and see if Mr Fahey can assist.

Senator LUNDY—I can see it is very difficult to get anywhere in terms of questions because you insist on taking questions that really are answerable on notice.

Senator Kemp—I am not, Senator. We have not got the information available. I am not the Minister for Finance. I am here to assist where I can, but I do not deal with these issues on a day-by-day basis and we have provided the answers that we can. It is not that we are resisting, but I cannot indicate to you what Mr Fahey will do. He is the responsible minister. Many of the questions you ask me relate to the sorts of decisions that a minister would have to make. The best I can do—and I think it is fair—is make sure that your requests and views are brought to his attention. I know that we have his staff with us, who are making copious notes on this as I speak, and that will be brought to Mr Fahey’s attention.

Senator LUNDY—Minister, a lot of the questions I am asking do relate to policy issues. It is certainly not an unreasonable expectation on our part that you, as the representative minister, at least have some form of briefing to allow you to address what are very widely known controversial policy decisions on behalf of your government. I have to say it is very disappointing—

Senator Kemp—If the briefing is available—

Senator LUNDY—Please let me finish. It is very disappointing from my point of view that I get such a limited response on policy issues which do reflect on ongoing questions of a factual nature that I would also like to ask the officers.

Senator Kemp—Senator, I am not preventing officers from answering questions—

Senator LUNDY—I am not saying you are.

Senator Kemp—Let me finish, now. You mentioned the answers that should be provided. I am indicating to you that I am not the Minister for Finance. I am here on his behalf and I am here to assist the committee wherever I can, but I will not be making decisions which are quite properly the prerogative of the Minister for Finance. The officers here know the general constraints on the information they can provide and I am not preventing them from providing information, but you have asked me about the legal issues. You are aware that the government has said that we are considering making the information that you want available, but there are a number of legal issues which require further examination. That is precisely what is happening. If Mr Fahey’s office can provide any further information, I will ask them to provide it to you as promptly as possible.

Senator LUNDY—It has been reported in a *Financial Review* article by Ian Davis that a spokesperson for the minister did not rule out any additional funding for the year 2000 compliance for Commonwealth departments. Can you provide information as to what the

government's current intent is to utilise further additional or supplementary budget allocations to further prop up this program?

Senator Kemp—The government has made \$120 million available, Senator, in seed funding.

Senator LUNDY—Has OGIT indicated to the minister's office that they will in fact require more funding to serve the purpose that they have been asked to serve by the minister?

Senator Kemp—Questions about what advice has been given to the minister's office are never answered. If they are answered they are answered very rarely. I do not indicate that the question has any substance or not. All I am saying is that that is the sort of question which is not usually answered at Senate estimates.

Senator LUNDY—Can the officers provide a definition of 'mission critical', given that it has been used to describe a prioritisation of particular services within the government agencies?

Ms Steward—Broadly they would be those business critical systems that the agencies themselves would perceive would be necessary for their own business program functions.

Senator LUNDY—So the definition of 'mission critical' is up to the agency?

Ms Steward—Agencies are in the best position to determine what their business critical systems are.

Senator LUNDY—Can you give me an idea of what does not constitute a mission critical issue?

Ms Steward—I cannot, Senator. It is the responsibility of the agencies.

Senator LUNDY—In the quarterly reports that the agencies are required to provide, do they differentiate between mission critical and non-mission critical costs and progress?

Ms Steward—Agencies are required to report on their critical systems.

Senator LUNDY—Only on their mission critical?

Ms Steward—Yes, their critical business systems.

Senator LUNDY—Is there any requirement that they report on non-mission critical progress?

Ms Steward—No, agencies are required to report on their business critical systems.

Senator LUNDY—Do you have a definition for a year 2000 compliance?

Ms Steward—Not on me, no, not at this time.

Senator LUNDY—Do you utilise one, though, in the context of this whole program and work?

Mr Fielding—For year 2000, we do use standard Australian compliance rules. They are four rules that you may have seen already on the Internet.

Senator LUNDY—Can you provide those to the committee?

Mr Fielding—Sure.

Senator LUNDY—Can you tell me how they relate to the definition used by the US government and, I think, ostensibly were drafted initially by the US Department of Defense for what constitutes year 2000 compliance?

Ms Steward—No, not at this time. We can have a look at that.

Mr Fielding—No.

Senator LUNDY—Yes, if you could take that on notice and provide that definition, that would be useful. I would now like to turn to some of the legal issues relating to it, because they obviously reflect back on the government's considerations on whether or not to make public the progress reports. In a recent legal briefing circulated by the Australian Government Solicitor, a series of major concerns facing Commonwealth agencies were identified, including things like the fact that the Commonwealth and its agencies may be liable in negligence for damages or loss caused by year 2000-related computer systems failure and officers employed by the Commonwealth or agencies may also be personally sued and held personally liable for a year 2000 failure. The briefing goes on to canvass several other issues, including duty of care and liability for third parties and potential liability under other pieces of legislation. At what stage is OGIT at in confronting these issues given, again, their common knowledge? They are confronting Commonwealth agencies right now in their progressive decisions on dealing with year 2000 compliance.

Ms Steward—OGIT has been very active in that area for quite some time. We have worked with agencies in raising their awareness around the legal aspects. We have worked with the AGS, in particular, in helping to highlight those and with providing information to agencies as well. That occurs through workshops and other forums.

Senator LUNDY—And in terms of the scope of these issues, how is it that OGIT is only just now finalising a tender process for the provision of legal advice, such as liability for the Commonwealth and its officers, standard certification of year 2000 compliance, third-party liability, liability of government officials specifically engaged in work on the year 2000 problem, et cetera?

Ms Steward—OGIT has been active in that area since November last year. Now, with the broadening areas of legal issues that we need to consider, we have gone through a formal tender process to actually engage legal counsel to support OGIT in doing any further work in this area.

Senator LUNDY—So you have been happy to provide advice to agencies on what are serious legal issues relating to liabilities to date, but now you see fit to engage legal counsel. Can you explain why it was not done in the first place?

Ms Steward—It was done in the first place. As I indicated, since November of last year we have sought and obtained legal advice. That information we have shared among agencies. What I am saying is that we are now engaging specific contracts for legal advice within OGIT to continue that process.

Senator LUNDY—So if you were getting adequate legal advice previously, why do you need to put that out to tender now?

Ms Steward—There are new legal issues, as I say, and the broader range of legal issues that we have become aware of as well. So we are moving to address those in a comprehensive manner.

Senator LUNDY—What are those broader issues that justify outsourcing, if you like, or putting out to tender a consultancy on legal advice?

Ms Steward—Some of the other component parts are for third-party reviews. So we are looking at those and some are the other issues that you raised that have already been drawn to the attention through the AGS in their newsletter that you have referred to.

Senator LUNDY—In terms of that advice and the relationship between third parties, is part of that particular contract that is currently out to tender going to address the issues in a contractual transfer of the Commonwealth liabilities on to a third party?

Ms Steward—That will address all aspects that are associated with third parties.

Senator LUNDY—Will that particular contract also look at the issues of existing contracts within Commonwealth agencies and their current—

Ms Steward—It would be to be able to provide any assistance to agencies and highlight the need for them to be looking at any contracts they may have currently.

Senator LUNDY—What is the time frame for that tender process?

Ms Steward—We hope to have that in place within this month.

Senator LUNDY—Can you just take on notice the provision of the tender process that you have gone through and the timetable, rather than spend time on it now? Can you tell me whether or not you are using the legal panel to source that expertise?

Ms Steward—There are two parts to that. Which timetable did you mean?

Senator LUNDY—Sorry, the timetable for the tender process and the time frame for the actual contract—what you are setting out as outcomes for that contract, what you are hoping to achieve, the work that you want the tenderer to do.

Ms Steward—Are you saying the areas to be covered?

Senator LUNDY—Indeed—all of the issues relating to that contract.

Ms Steward—Okay. What was the other request?

Senator LUNDY—The other issue is whether or not you utilise the legal panel to source the potential tenderers for that contract.

Ms Steward—I am not sure which legal panel you are referring to.

Senator LUNDY—The list of providers of legal services through the government procurement procedures.

Ms Steward—I am sorry, I am not clear.

Senator LUNDY—My understanding is that, in terms of the procurement of legal services, a panel is in existence that Commonwealth agencies are required to source their legal advice from.

Ms Steward—I am not aware of that. We have utilised an open tender process.

Senator LUNDY—Okay. So you have advertised. Can you provide details of advertisements as well with respect to that particular contract. Regarding the contract itself and the timing of it, in the US a lot of these issues were dealt with 12 months ago, including a comprehensive canvassing of the legal liabilities associated with federal and state departments in the US, to the point now where there seems to be no less than about 40 or 50 state and federal US bills relating to either year 2000 compliance or year 2000 program bills, and also many bills relating to state and federal liabilities with year 2000 compliance. Is it anticipated that the government will consider a legislative remedy to their liability issues in the Australian context?

Ms Steward—Senator, that is certainly outside anything that OGIT has responsibility for. It would be the Attorney-General.

Senator LUNDY—Is that something that would fall within the terms of reference of this consultancy that is currently out to tender?

Ms Steward—It is not within our terms of reference to be addressing issues for the Attorney-General.

Senator LUNDY—So you are not aware of anyone within the government contemplating what the future directions are with respect to dealing with the liabilities?

Senator Kemp—I think the answer has been given. Apparently that is a matter for the Attorney-General. I think questions could be asked at the estimates for the Attorney-General's Department.

Senator LUNDY—Apart from that particular contract, and apart from the \$120 million, are there any other issues that OGIT is dealing with in terms of future directions with year 2000 compliance?

Ms Steward—We are continuing to do a broad range of workshops and briefing sessions with our Commonwealth agencies to continue the momentum. We are providing them with any additional information or support services that we can. We continue to liaise with state and territory governments in respective forums as well.

Senator LUNDY—What is your involvement with respect to the existing and potential IT outsourcing contracts in relation to Y2K compliance?

Ms Steward—We have worked with OASITO in terms of the provision of clauses that they would reflect in their contracts.

Senator LUNDY—Which contracts or tender documentation are you aware currently contain requirements for year 2000 compliance?

Ms Steward—If it is anything to do with OASITO, my understanding is that it is with the contracts it has prepared. But that is a matter that you really need to direct to that organisation.

Senator LUNDY—Yes, I will. So your role is to provide standard clauses that build a year 2000 compliance into each of those outsourcing contracts?

Ms Steward—That is right. We work closely with OASITO in being able to assist it with that so that it can build those into its contracts.

Senator LUNDY—What is your knowledge across existing IT outsourcing contracts and their inclusion of any year 2000 compliance clauses?

Ms Steward—That is really a matter for OASITO under its outsourcing program.

Senator LUNDY—I am talking contracts that were previously in existence, such as the DoFA contract and contracts that are not being managed by OASITO, so to speak.

Ms Steward—That would be with the individual agencies.

Senator LUNDY—You mentioned before that your consultancy will address issues relating to existing contracts which do not provide for compliance and the possible impact of third-party liability and so on. Surely that means you have at least some familiarity with the current status of those contracts in relation to compliance?

Ms Steward—What we are trying to do is assist agencies to ensure that they are aware of it and that they address that.

Senator LUNDY—So all you can do is sit back, flag the issue and hope that they take the appropriate action to rectify it?

Ms Steward—It is the responsibility of the agency.

Senator LUNDY—In terms of the minister's ability to ensure that that progress is being made, does that relate specifically back to the quarterly reports; that is the mechanism through which the minister would exert some pressure in terms of adhering to a compliance program?

Ms Steward—The quarterly reports are a tool to be able to provide ongoing updates on where agencies are progressing.

Senator LUNDY—In terms of the potential for variations in the existing contracts in relation to year 2000 compliance, when will you be in a position to know where the Commonwealth government is currently exposed to those outsourcing vendors because of the fact that year 2000 compliance has not been included in those contracts?

Ms Steward—Again, that really is a matter for the individual agencies.

Senator LUNDY—These questions are based on the information you have given me. I was led to believe that your legal consultancy was going to be looking at those issues.

Ms Steward—It is preparing any supporting material and information that we can make available to agencies so that they can focus their attention in these specific areas. It is not up to us to be going across the individual agencies looking at that.

Senator LUNDY—That clarifies that that consultancy does not do what I understood it to be doing. On the issue of legal liabilities either for individual officers or departments generally, what sort of research has OGIT engaged in at this point in time to look at the potential financial impact of litigation arising from action?

Ms Steward—In terms of trying to identify a figure, I do not have any of that information.

Senator LUNDY—The US estimates of such potential litigation are quite mind-blowing. A year 2000 legal coalition has been formed because some lawyers see the year 2000 as a new opportunity for fee-generating lawsuits, and class action lawsuits have already been filed in California over potential year 2000 computer glitches. In the US, six lawsuits have been filed, four of which are class actions. Are you aware of any such activity in Australia at the moment? Does this issue factor into your management of the year 2000 problem?

Ms Steward—I am not aware of any such issue in Australia at this time.

Senator LUNDY—Is OGIT looking at these issues in terms of either your provision of advice and briefing the minister or in any more tangible sense with respect to the consultancy or current advice that you have received from Attorney-General's?

Ms Steward—We have already received advice from November and continuing right through till now. We make that available to agencies. Agencies also seek their own individual advice in those areas.

Senator LUNDY—The legal briefing provided for the Australian Government Solicitor, as I said before, canvasses many of these issues. What involvement did OGIT have, if any, in prompting its production and providing content?

Ms Steward—We have worked very closely with Attorney-General's since late last year—from 1997 on. It has been through the combined efforts that we are raising this and that they are now taking their initiative in the bulletin they have issued.

Senator LUNDY—Have you received any queries in response to this legal briefing being circulated?

Ms Steward—I am not aware of any to date. But as I said, we try to keep agencies apprised of that.

Senator LUNDY—But you would be their first port of call if an agency had a query about these issues?

Ms Steward—If they did, yes. Where we can make the information available we do so, and we direct them to an appropriate source if we do not have it.

Senator LUNDY—What contingencies are built into contracts? Does OGIT have any plan for building in contingencies in case of a year 2000 failure of any major or mission critical systems? Is that an issue that you are addressing?

Ms Steward—OGIT is not addressing that in terms of the work that we have, but that could be an area that we would highlight to individual agencies. If there was any additional information that we could assist them with, we could take that on.

Senator LUNDY—I raise the issue because, again, a US example indicates that one of the bills being contemplated—I would have to look up which jurisdiction it is in—provides for allowing for some redundancy in computer systems and the transfer of resources and services if there is in fact a complete failure at that level.

Ms Steward—Again, there is a responsibility for the agencies. They would be making provision for whatever contingencies they need to do as part of their overall activity.

Senator LUNDY—But you have not provided any guidance notes or advice on that issue as yet?

Ms Steward—We have provided them with assistance on risk management frameworks—on how they would manage the risk. Contingencies are obviously something that they should be considering.

Senator LUNDY—Are you aware of any contemplation by the government—perhaps you can take this on notice—to consider legislation to provide a degree of immunity to Commonwealth agencies or offices as a result of any potential legal action arising from failure of year 2000 compliance?

Senator Kemp—I think it is a matter for the Attorney-General. I think that that would come under his ambit. Obviously we will take it on notice, but I suspect that that question is better directed towards that department.

Senator LUNDY—I have some further questions in relation to the IT outsourcing contracts with respect to year 2000 compliance. I am not sure whether you have any information or whether I am better to refer that to the Office of Asset Sales and Information—

Ms Steward—I think so. They have the responsibility for that. I am sure they will be able to handle that for you.

Senator LUNDY—Okay, I will do that. I would like to go to more general questions. On the OGIT home page, under the year 2000 consultancy service, you list a search mechanism for consultants who are able to provide advice on year 2000 compliance. Can you provide some explanation as to your selection procedure for that particular list of consultants?

Ms Steward—I am not familiar with the component that you are referring to. I am happy to look at that and then come back to you with detail.

Senator LUNDY—It is under the products and services home page.

Ms Steward—I would have thought it would have been a reference under a common-use arrangement.

Senator LUNDY—It provides a link back to the contracting and procurement division within DoFA, but also provides advice on how to do an effective database search to find those who

are the endorsed suppliers for providing the year 2000 consultancy services to Commonwealth departments.

Ms Steward—I am sure that it is from the process under the common-use arrangement. That is managed by DoFA.

Senator LUNDY—Quite some time ago during estimates I canvassed the issue of litigation between a company by the name of GMB and OGIT. Can you provide information as to the status of that particular legal action at this point?

Senator Kemp—I think that is in the courts.

Senator LUNDY—If it is in the courts, I do not want to know more about it. I would like to know if it is still in the courts and what status it has.

Senator Kemp—The advice I have received is that it is still in the courts.

Senator LUNDY—Are there any other actions against OGIT currently?

Ms Steward—No, that is the only one.

Senator LUNDY—OGIT launched its public key technology strategy not so long ago. Can you describe very briefly for the committee's benefit the main principles and concepts that underpin that particular project?

Ms Steward—Very briefly, the project looks to identify a consistent way in which Commonwealth agencies would be able to utilise public key technologies, rather than having many hybrid versions of how it would be applied. That was consistent with the government's requirements for OGIT to look at the best way in which that could be implemented.

Senator LUNDY—What relationship, if any, does that have with Transigo?

Ms Steward—It has no particular relationship with it at all. It is an enabling tool that agencies could utilise for a broad range of activities where they wanted to have degrees of authentication.

Senator LUNDY—Are you involved in the current reassessment, if you like, of the services that the Telstra Transigo provides to government departments.

Ms Steward—Finance and Administration are responsible for that activity, Senator.

Senator LUNDY—Which program would that come under?

Ms Steward—I think it is program 3. I understand that there are other representatives here this afternoon. You might like to require some detail then.

Senator LUNDY—We are still to come to program 3. I will make a note of that. What is the next phase for the public key technology strategy?

Ms Steward—There are several areas where we are looking at being able to establish criteria for individual product vendors and service providers to be able to present their particular products or services that would then be utilised by Commonwealth agencies. We are developing additional work in terms of directories and a range of supporting areas.

Senator LUNDY—In terms of the inter-operability that that is designed to create within Commonwealth agencies, what scope does that particular technology strategy have for further expansion? Is it constrained within the Commonwealth sector at this point?

Ms Steward—Public key technology is an additional enabling tool for agencies to utilise. We were really only looking at it for how our own Commonwealth agencies may wish to take advantage of that.

Senator LUNDY—I refer to the plans by the government to adopt electronic payment as the standard transfer for Commonwealth payments by the year 2001. I am just referring now to an answer provided by you from the last round of estimates. Is that with a general view in relation to any financial transfers within the Commonwealth departments, or does it extend to any transactions, such as external transactions with Commonwealth departments?

Ms Steward—It was really looking at what opportunities the Commonwealth would have to use that as a way of being able to undertake payments. Where a supplier may wish to undertake that in that manner, it is a matter of whether the Commonwealth can actually respond to that.

Senator LUNDY—Fedlink provides an online service for Commonwealth government within the ACT. Is it likely that Fedlink will be extended to interstate offices?

Ms Steward—It is at a very early stage, Senator. We are looking at our local Canberra environment first.

Senator LUNDY—Have you done costings on potential expansion to interstate offices?

Ms Steward—Not at this time.

Senator LUNDY—In terms of that project, what are your current estimations of cost?

Ms Steward—We have been out to industry for indicative responses from them. We are still analysing that information.

Senator LUNDY—When will that be available?

Ms Steward—We will be going back to industry around the middle of next month seeking further clarification on the detail that they have provided.

Senator LUNDY—What relationship does that particular proposal have with existing IT outsourced contracts, particularly given that many of those contracts traverse the boundaries of the way in which the Commonwealth departments communicate with each other in an online environment?

Ms Steward—If any of the agencies that are participating in the outsourcing arrangement have a requirement to utilise any of the services across Fedlink, that would be part of their specification of requirements.

Senator LUNDY—What involvement does OGIT have in the preparation of request for tender documentation for the cluster five.

Ms Steward—As indicated before, we have worked with them on the clauses for Y2K and we provide any assistance we can with OASITO on the telecommunications as they relate to whole-of-government contracts.

Senator LUNDY—And that is the only scope?

Ms Steward—We discuss any of our other initiatives that we have undertaken with the officers so they can have any elements reflected in their considerations or in their contracts as appropriate.

Senator LUNDY—Are there any consultants engaged within OGIT at the moment?

Ms Steward—We do have consultants who are assisting us with particular projects.

Senator LUNDY—Can you tell me who they are, please?

Ms Steward—I would have to take that on notice and provide you with some details.

Senator LUNDY—Can you also provide the purposes for which they have been engaged and the costs and duration of their contracts?

Ms Steward—Sure.

Senator LUNDY—Apart from the year 2000 compliance, the public key technology and Fedlink, are there any other specific campaigns that OGIT is involved in?

Ms Steward—Campaigns?

Senator LUNDY—Public awareness, public relations? Do you administer the \$10 million private awareness campaign for the year 2000 compliance?

Ms Steward—That is within DIST. It is not our activity.

Senator LUNDY—You do not have anything to do with that?

Ms Steward—No.

Senator LUNDY—Do you provide advice to DIST on the issues?

Ms Steward—There is interaction at the officer level, but it is primarily a responsibility for DIST.

Senator LUNDY—What is happening with CabNet?

Ms Steward—CabNet is a system that is being managed by PM&C.

Senator LUNDY—Do you provide any advice to government with respect to that particular project?

Ms Steward—No. That is PM&C's.

Senator LUNDY—CabNet, as I understand it, is an Intranet linkage. Does that, in your understanding of the project, duplicate what Fedlink is designed to do?

Ms Steward—I do not have detailed knowledge of CabNet. That really is in PM&C's area, but I do not see that it duplicates it. If CabNet is actually addressing ministerial-type information, Fedlink is really looking at broader applications.

Senator LUNDY—The Internet 2001 project obviously will put all Commonwealth services on line. Please take this on notice: can you provide a detailed description of the staged aims of that particular project leading up to 2001 and the associated costs?

Ms Steward—It is about all appropriate government services, and the agencies at this time are investigating within their own areas what services they would like to actually move to an Internet-based activity.

Senator LUNDY—Could you provide information of what work is involved from your perspective on that particular project?

Ms Steward—Yes.

Senator LUNDY—On the issue of security, I understand that the Defence Signals Directorate has a critical role in IT security issues. What role does OGIT have in the security, particularly, of government electronic information and management strategies relating to information security?

Ms Steward—DSD is the appropriate government agency that is responsible for it. We do not have separate responsibility outside that.

Senator LUNDY—So who provides advice to the individual agencies on security issues?

Ms Steward—DSD.

Senator LUNDY—In terms of OGIT's coordinating role, in just traversing some of these issues it is hard not to get a sense that the principle of centralised coordination of information technology issues has started to break down under this government. Minister, can you—

Senator Kemp—I do not know how one could possibly draw that conclusion. We all make bold statements, but—

Senator LUNDY—It is quite a serious reflection, given the questioning over the last short while. Many issues that are intrinsically linked to the integrity of the Commonwealth's information systems are handled by other departments. Is the government committed to having a whole of government approach to the broader issues relating to information technology?

Senator Kemp—The legal issues are being handled by the Attorney-General's Department, as you would expect. The individual departments have a functional role in this. We have looked at the coordinating role that OGIT has. I do not think you can possibly sustain that comment, to be quite frank.

CHAIR—Senator, I remind you that estimates are about examining the budget statements and the budget expenditures, not the direction of the government.

Senator LUNDY—I maintain that it does have some relevance, given that it relates to the operations of government and how they can effectively implement their stated aims.

Senator Kemp—In fact, there is a great deal of continuity between what is happening now and what happened under the previous government. One could respond by making a heavy political point about what the previous government did about this pressing issue, but I do not think it is very constructive and I think the debate should go on. Senator, I do not at all accept the statement you made.

Senator LUNDY—It will be interesting to see what role NOIE has in IT as well.

Proceedings suspended from 3.51 p.m. to 4.07 p.m.

Program 3—Resource Management Framework

CHAIR—Are there any questions on Program 3, Resource Management Framework?

Senator ROBERT RAY—I have a general question first. Minister, are you available tomorrow afternoon to conduct estimates committees?

Senator Minchin—If necessary. I have to leave at 5.50 p.m. as I am on a 6.30 flight to Melbourne. I am available up until then.

Senator ROBERT RAY—It is just that I know that Senator Kemp will be in Treasury. The one program left over is the Office of Asset Sales. I would like to schedule that for Thursday afternoon. Sorry I cannot join you. That might help if I do not join you.

Senator Minchin—I am available till 5.50 p.m.

Senator ROBERT RAY—We are on Program 3—Resource Management Framework. This is where AusPic comes up, is it? First of all, is it true that the department is trying to shift AusPic to someone else?

Mr Bartos—No, senator.

Senator ROBERT RAY—They have a happy home there at OGIA?

Mr Bartos—We believe so. We hope they are happy.

Senator ROBERT RAY—I have no reason to believe they are not. What about the funding of AusPic? It really has not been boosted at all in a decade, has it?

Mr Williams—The funding for AusPic is being discussed at the moment with MAPS. MAPS is the major customer. MAPS is within the Department of Finance and Administration and there are other significant customers such as the Joint House Department as well.

Senator ROBERT RAY—Let us go through who are the customers for AusPic.

Mr Williams—The major customers are MAPS followed by the Joint House Department. Some work is done for Government House. Primarily, they are the main customers.

Senator ROBERT RAY—Is any work done for the executive, the ministry?

Mr Williams—I do not have the material in front of me, but there are entitlements for the executive and also for opposition office holders. I can get you those entitlements.

Senator ROBERT RAY—That is for photos taken presumably at official functions?

Mr Williams—That is for photos taken for official purposes, yes.

Senator ROBERT RAY—What is the cost recovery regime here?

Mr Williams—For AusPic? They are paid an amount on an annual basis by MAPS and by the Joint House Department. Members of the executive and also opposition office holders have entitlements. If further prints, for example, from photographs from a portrait sitting are required, then the members are billed for those. So additional income does come in in association with official work.

Senator ROBERT RAY—If a member of the executive wanted photos taken in Canberra, there would not be any cost recovery if they were entitled to it—other than extra prints?

Mr Williams—There would be extra prints and that sort of thing, yes.

Senator ROBERT RAY—But that is all?

Mr Williams—I would have to refresh my memory on this. I must confess I was not prepared to answer questions about AusPic today. In some cases the department will pick up some of the cost of those photos and in some cases it is MAPS, but I do not have the fine detail. I would really be better off taking this question on notice.

Senator ROBERT RAY—I am interested to know whether it is cost recovery if AusPic is required to travel interstate to take the photos.

Mr Williams—If a photographer from AusPic is required to travel interstate, generally if it is a ministerial executive photographic session, the department would pick up the cost of the airfare. That is my understanding.

Senator ROBERT RAY—What if it is a family function? I mean, it could be a 60th birthday party, a child's graduation parade, officer graduation, et cetera. Does that qualify for using AusPic?

Mr Williams—The booking would come into AusPic—an official request—and AusPic would respond. The client, as it were, would determine if it is official. We would not—

Senator ROBERT RAY—Would not?

Mr Williams—I am just saying that we would expect the booking to come from either a backbencher, an opposition office holder or a member of the executive. It would come through as a request and a photographer would be assigned.

Senator ROBERT RAY—I am just trying to establish if, for some reason, I wanted to have my photograph taken at the War Memorial and I was entitled to have the photograph taken, would I be charged at the same rate as if I wanted to have my photo taken down in Sydney, as that would require the photographer to go to Sydney and back?

Mr Williams—The cost of travel would be borne by the requesting agency.

Senator ROBERT RAY—Really?

Mr Williams—That is my understanding. But again, I do not have the fine print here, so I would need to check that up.

Senator ROBERT RAY—Could you check that?

Mr Williams—Yes.

Senator ROBERT RAY—Are there any conditions on, let us call it the home department, picking up the tab for flying an AusPic photographer to Sydney to basically a private function to which all other photographers are excluded and then back to Canberra? I would be interested to know whether AusPic charges the cost of that and whether the home department would pick it up. You might look in particular at your records for 2 May this year. Could you take those aspects on notice?

Mr Williams—Yes.

Senator ROBERT RAY—Whether a photographer was flown to Sydney; what was the cost recovery; what was the function; and what was the entitlement to use the photographer?

Mr Williams—Yes.

Senator ROBERT RAY—I would not expect we would be asking questions on AusPic for another decade now!

Mr Williams—You surprised me this afternoon.

Senator ROBERT RAY—Can I just consult with my colleagues? Can you see what other units are here whom we may not have questions for? Mr Early, could you tell us what units are in Program 3 and assist us here? We are going on to OGIA in a moment.

Mr Bartos—I might be able to assist. Earlier this morning we discussed some elements of Program 3. Senator Sherry had a number of questions in relation to the competitive tendering and contracting area in superannuation. I think that the units we have with us today are basically OGIA and AusInfo. So those are the two elements of Resource Management Framework that we still have remaining.

Senator FAULKNER—I think we can excuse Purchasing Australia. If there really are any questions that Senator Sherry has not canvassed, they could be placed on notice.

Senator ROBERT RAY—We might move on to OGIA if we could. When was the review of OGIA received by DoFA or its predecessor, the Department of Administrative Services?

Mr Bartos—Which review of OGIA are you referring to?

Senator ROBERT RAY—I only know of one, but if there are more—

Mr Bartos—A review was conducted by some consultants when? A year ago?

Mr Williams—The review conducted by Critchley—I assume that is the one you are talking about—was provided to the then Minister for Administrative Services in July last year.

Senator ROBERT RAY—That was provided in July last year?

Can you tell me who has received copies of that review and what the circulation of the review has been in the ministry and the department?

Mr Williams—I was not in OGIA at the time. I understand that a copy went to the then minister's office, and I would imagine that copies were distributed within the then Department of Administrative Services.

Senator ROBERT RAY—Could I ask what the progress has been to date on implementing those recommendations that were contained in the consultant's report?

Mr Bartos—As far as I know, some of the recommendations were not taken up and have been overtaken by events. Others were adopted and are reflected in the current operations of OGIA. My understanding is that the majority of recommendations were picked up and actioned on as part of the administration of OGIA.

Senator ROBERT RAY—So you have taken the report seriously. You have adopted the majority of its recommendations. You have rejected the rest, I take it?

Mr Bartos—Some of them have simply been overtaken by events in the reorganisation of OGIA following the creation of the Department of Finance and Administration.

Senator ROBERT RAY—I understand that. So it is not under active consideration at the moment?

Mr Williams—There are some recommendations that required—if they were to be adopted—some consultation with departments and other agencies. They have not been fully exhausted.

Senator ROBERT RAY—Was any legal advice sought during the conduct of the review on any aspect of the review?

Mr Williams—Again, not to my knowledge, but I was not associated with OGIA at the time.

Senator ROBERT RAY—Does anyone know?

Mr Bartos—I have not heard of any such legal advice having been taken.

Senator ROBERT RAY—I think I heard about it yesterday when my FOI request for this report was rejected. That was one of the grounds.

Senator Minchin—It was drawn to my attention yesterday that, for some reason, there had been a rejection of your request for it. That was a departmental decision.

Senator ROBERT RAY—Of course, yes. I accept that.

Senator Minchin—I was not involved in that. But if you are still anxious to see that, I would be happy to reconsider that and talk to the department about whether it is possible to release it. *Prima facie* I do not see a reason why it should not be released.

Senator ROBERT RAY—I put in three requests for FOI, expecting to get two and not expecting to get one. Naturally I got the one I did not expect, with more deletions than the *Readers Digest* version of *Lady Chatterley's Lover*. But I accept all that, because I accept that it was in the spirit of FOI to delete personal names. I am referring to the Kennedy report. But it just seemed passing strange that I could not have this report because it was under active consideration, yet I could not have the Sam Skrzypek report because it was no longer under active consideration. It is a bit like dealing with Major Major; when he is in, he is out, and when he is out, he is in.

Senator Minchin—There are still matters in relation to Critchley that are under review. Certainly as chairman of the MCGC I have an interest in it. But I am certainly happy to give you an undertaking to discuss with the department the release of the report or as much of the report as is required.

Senator ROBERT RAY—That would be appreciated. I think I was remitted on public interest grounds. I congratulate the FOI office. There will be turkey for Christmas this year

in the Ray household. Those are my only general questions on OGIA. Senator Faulkner and I might start reviewing in a little more detail now.

Senator FAULKNER—Minister, I received some answers to questions on notice. The timing of those answers is best not canvassed at the moment. I have only received them literally in the last 24 hours. Senator Sherry had asked about the role of the Ministerial Committee on Government Communications. He asked what was the role of each of the members. An answer came saying that the role of the members is to consider and approve, if deemed appropriate, the proposed government information activities. I suspect that was information of which I was already aware, or detail of which I was already aware. In relation to the ministerial committee, how do you record the approval or disapproval process? I am just interested in the recording mechanisms and the like and whether this was a detailed administrative record of the matters that came before the committee for consideration. Minister, would you or one of your departmental advisers be able to assist us? I am talking about the administrative process that is involved.

Senator Minchin—My understanding is that the committee and its administrative processes operate in a very similar fashion to the way it operated under your government. There is no great dissimilarity in both the role and the process. Decisions are recorded, but OGIA services the ministerial committee. Perhaps Greg Williams could detail those processes.

Mr Williams—Generally speaking, OGIA is represented at committee hearings. If pitches are put forward by agencies, be they PR or advertising, a decision is made by the committee on the successful agency or company, and that is recorded as a decision of the committee. If there are comments made by the committee in respect of departments, they are recorded, but essentially it is a very simple recording of the decision.

Senator FAULKNER—Given that the membership of the committee is public—and I accept that the membership does change depending on the minister or the representative of the minister relevant to the project under consideration—in relation to the administrative support of the committee, is that the same officer or officers who regularly service the committee itself?

Mr Williams—Generally speaking, I attend all MCGC meetings. In effect, I act as the secretary of the committee. We will have officers from OGIA present who have particular information activities under consideration. As I said before, the decisions are recorded, and the decisions in respect of particular agencies are forwarded on to that particular agency's minister.

Senator FAULKNER—Is a report developed by OGIA for the minister or because of the minister's actual presence? I think that, in this case, the responsible minister—being Senator Minchin—actually chairs the committee, as I understand it. Is that considered to be an adequate reporting mechanism? I appreciate that you indicate outcomes to departments and agencies that have material before you for consideration. I am interested in your own ministerial responsibility for OGIA itself, or is that considered unnecessarily bureaucratic given that the minister himself chairs the meeting?

Senator Minchin—The decisions of the committee are recorded in the minutes, which are kept and approved at subsequent meetings, like any committee.

Senator ROBERT RAY—When did you bring that in?

Senator Minchin—Minutes?

Senator ROBERT RAY—Yes.

Senator Minchin—What, you used not to have them?

Senator ROBERT RAY—You did not have them for a little while.

Senator Minchin—There have always been minutes while I have been a member, I think—or a record of decisions. I think we call them minutes.

Senator ROBERT RAY—The minutes usually reflect what happens at a meeting. You did record a decision in writing, but no minutes?

Senator Minchin—Minutes are, for the purposes of MCGC, a record under each item of those present and the decision made. Then there is normally official confirmation to the relevant client minister of the approval of the particular project that has been submitted. And, of course, the minister or his or her representative is there anyway so the action is taken, but there is a written confirmation to the relevant minister of the decision of the MCGC.

Senator ROBERT RAY—And Mr Williams sits in on all these proceedings?

Senator Minchin—Yes.

Senator ROBERT RAY—This must be of assistance to you, Mr Williams, in debriefing losers, which you are required to do.

Mr Williams—At the end of a meeting, the winners and losers are debriefed.

Senator ROBERT RAY—By you?

Mr Williams—Not necessarily by me. As I said, we have OGIA officers.

Senator ROBERT RAY—Of course, sorry. You or your team debriefs.

Mr Williams—Yes. OGIA does the debrief.

Senator ROBERT RAY—Seeing you are there all the time now, you do not need to be briefed by the minister to go and debrief the agencies, as occurred previously.

Mr Williams—I am not privy to what happened previously. I can only comment on—

Senator ROBERT RAY—We are here at this end of the table, that's all.

Senator Minchin—No member of the committee has anything to do with any debriefing of either winners or losers.

Senator ROBERT RAY—I am sorry, minister. What used to happen is that the committee would meet—this is in evidence on record—and then Minister Jull would go and brief the officers excluded from the meeting about what had happened so that they could go and debrief the losers. That is all I am saying.

Senator Minchin—Okay.

Senator ROBERT RAY—Now we have a situation—it seems to me an improvement—that Mr Williams will understand the discussions and the decision making and be able to debrief them accurately, not second-hand. I was just trying to establish this. If this is the case, I think it is good.

Senator Minchin—And we normally have three or four additional OGIA officers at each meeting who are involved in the relevant debriefings as well.

Senator FAULKNER—You were also asked on notice, Senator Minchin, about the estimated total campaign advertising expenditure for 1997-98. I would like to ask about just a couple of those. One was the tax rebate campaign in the Department of Communications and the Arts. It is called 'Tax rebate'. What is that about, more specifically?

Mr Williams—I can hazard a guess as to what it means, Senator, but I would prefer to take it on notice. I do not have it. It is a very small one and I do not have the detail on it.

Senator FAULKNER—Minister, I make a point to you. I do not mind—I think it is reasonable—that officers, or yourself, Minister, take these questions on notice, but I do think the Department of Finance and Administration will need to answer these with a great deal more alacrity than you have managed previously.

Senator ROBERT RAY—I do not think Senator Faulkner heard us give them a flogging earlier in the morning. He is just repeating what was said.

Senator FAULKNER—I didn't hear that.

Senator ROBERT RAY—I think you would acknowledge, Mr Early, that we gave you a hint about this?

Mr Early—I remember it being discussed quite clearly, Senator, yes.

Senator ROBERT RAY—We want the answers early and often.

Senator FAULKNER—If you canvassed it, Senator Ray, there seems to be no need for me to do so. In the Department of Prime Minister and Cabinet statements the Constitutional Convention is mentioned. I just wondered if that was the yes/no lift-out.

Mr Williams—Yes.

Senator FAULKNER—There are two issues I would like to ask you about relating to the Department of Treasury. The first is the superannuation mini-campaign. Can you tell me what that was about?

Senator Minchin—As you know, Senator Faulkner, the practice has been for the tax office not to have to go through OGIA MCGC processes. That could be an ATO campaign, because I must say that I do not know what that one is.

Senator FAULKNER—I was wondering whether it was about choice of fund or the like. I do not know, and if I did know I would not ask the question, obviously, Minister.

Mr Williams—I can give you an answer; I have tracked it down. It is under the Australian tax office. A campaign was run in 1997 to show the importance of supplying tax file numbers to super funds.

Senator ROBERT RAY—This was after the super tax was carried in the Senate, was it?

Mr Williams—I cannot comment on that, Senator, but it was a campaign—I can recall it now—where superannuation fund members were asked to supply their TFNs to super funds.

Senator ROBERT RAY—This would relate to the 15 per cent superannuation tax.

Senator FAULKNER—This mentions 'Services to the public'. Do you know what that one is?

Mr Williams—It is probably the taxpayers charter. The focus of that campaign was to advise taxpayers of their rights and responsibilities, the level of service they can expect from the ATO, and what action they can take if they are not happy with the level of the ATO's services. That was a campaign that had an expenditure of about \$1 million.

Senator FAULKNER—Thanks for that. It was just that a couple of those were provided in such—

Mr Williams—They are listed under Treasury, but that was for the purposes of grouping together. They were actually ATO campaigns and, as the minister said, ATO is not currently under the remit of the MCGC.

Senator ROBERT RAY—Would you just like to go through who the exceptions are?

Senator Minchin—It is only the Electoral Commission, for obvious reasons, the Bureau of Statistics and the ATO.

Senator ROBERT RAY—And the asset sales task force?

Senator Minchin—Not to my knowledge.

Mr Williams—Not to my knowledge, no.

Senator ROBERT RAY—They all come before you?

Mr Williams—The campaign for the Telstra sale, for example, came through the MCGC, as did the sale of the Commonwealth Bank and Qantas.

Senator ROBERT RAY—So essentially we are looking at semi-autonomous offices?

Senator Minchin—There is good reason for the Electoral Commission to be and be seen to be completely independent of any—

Senator ROBERT RAY—So it is those three that we know of?

Mr Williams—It is essentially departments and FMA Act agencies, with the exception of the three that the minister alluded to.

Senator FAULKNER—A status report from you would be helpful, with just an indication of what advertising campaigns have been agreed to since you provided those answers to our question on notice. So could you just update that material for us—between the provision of that answer to the question on notice and today—and also what you might have in the pipeline as of today?

Mr Williams—We will take that on notice.

Senator Minchin—We will answer to the best of our ability at the moment. Otherwise we will have to take it on notice. It is not appropriate to comment on campaigns that may not have yet been formally signed off on, but we are happy to tell you now what we can about completed campaigns and decisions made since that time. Can we identify those?

Mr Williams—We can, and campaigns that are on the public record.

Senator ROBERT RAY—We do not want any that have not been flagged.

Mr Williams—Just starting from the top, there is obviously defence force recruiting. You are aware of that. There has been some further advertisements—anti-smoking, which is timed to run June through August; a campaign on the Medicare surcharge levy, which is the levy on high earners who do not take out private health insurance. Moneys will be spent on the job network advertising, which is the jigsaw—‘The right person for the right job’. There will be some regional advertising for apprenticeships. There is ongoing small activity, which I will not go through. Some of it is only \$2,000 to \$20,000. So if you want me to go through them, I am happy.

Senator ROBERT RAY—\$100,000 is probably the minimum.

Mr Williams—The youth allowance—the new youth allowance arrangements. That campaign will be coming forward. There will be a further campaign on cervical cancer screening—the Department of Health and Family Services. There will be a campaign on measles immunisation. There is a campaign envisaged for the Office of Employment Advocate, which will explain the workings of the office. It will explain the freedom of association issues as well as Australian workplace agreements. There will be advertising on road safety, which is a continuing thing from the federal Office of Road Safety, and the government’s single

business entry point out of the Department of Industry, Science and Tourism. The only other campaign is the community education program for tax initiatives, which was announced in the budget.

Senator FAULKNER—Just on a couple of those, can you just give me a figure for the job network. What is the budget for that particular campaign?

Mr Williams—The overall budget for that will be of the order of \$4 million.

Senator FAULKNER—I am sorry?

Mr Williams—The overall budget for that campaign will be \$4 million.

Senator FAULKNER—Thank you for that, Mr Williams. Can you just give us a breakdown of the various media on that one—electronic, newspapers et cetera?

Mr Williams—I would have to take that on notice. I do not have the media running sheet on that one with me.

Senator FAULKNER—What is the timing of that campaign?

Mrs Wilson—That campaign has been running since before 1 May, when the new changes commenced. It will probably run until the end of this month.

Senator FAULKNER—What is the budget for the youth allowance campaign?

Mr Williams—The budget for the youth allowance campaign is \$3.8 million, I think. I will just check that.

Senator ROBERT RAY—Have you some details about the road safety campaign before you at the moment?

Mr Williams—Sorry, the youth allowance is \$2.8 million.

Senator FAULKNER—Have you got a breakdown on that one, Mr Williams?

Mr Williams—In terms of the split between TV, radio and print?

Senator FAULKNER—Yes.

Mr Williams—I do not have that.

Senator FAULKNER—Maybe you could take that on notice, if you would not mind, for both jobs and youth allowance?

Mr Williams—Yes, certainly. There is a media running sheet. I just do not have it with me.

Senator FAULKNER—No problems. Thank you.

Senator Minchin—The road safety one is \$1 million to extend the existing federal Office of Road Safety campaign from cinema to TV in consultation and complementary to state campaigns on road safety.

Senator ROBERT RAY—I see. Do we know how much has been spent on that in the past couple of years?

Mr Williams—We are about to spend \$1 million on a further campaign but, to date this year, \$107,000 has been spent. For last year—

Senator ROBERT RAY—This is calendar year, is it?

Mr Williams—Last year, a total of \$2.9 million was spent.

Senator FAULKNER—The extension of the advertising campaign for this year, did that go to retender for that?

Mr Williams—The campaign had been run in cinemas and, essentially, the extension of the campaign was to rework the commercial slightly and run it on television.

Senator ROBERT RAY—So most of the \$2.9 million—

Mr Williams—It is essentially aimed at speed. It is aimed at deterring young people from speeding.

Senator ROBERT RAY—So most of the \$2.9 million was spent in cinemas?

Mr Williams—No, it is incorrect to draw that conclusion. The \$2.9 million spent last year was spent across five different campaigns—rural road safety, young drivers, drink-driving, speed and rural speed. So there were a number of themes in that \$2.9 million. There would have been television and cinema screening on that.

Senator ROBERT RAY—Thanks.

Senator FAULKNER—The expenditure for this financial year has mainly been a smaller budget, cinema based?

Mr Williams—Yes, and that has had only the one focus.

Senator FAULKNER—Yes, I understand that.

Senator Minchin—So that is \$1 million to take a cinema proposal onto TV.

Senator ROBERT RAY—What you are saying is that the overall campaign was \$2.9 million. A segment of it was cinema.

Mr Williams—That is right.

Senator ROBERT RAY—You are now extracting the cinema out, reworking the material and spending \$1 million on television on that aspect?

Mr Williams—I think that we are getting a little bit confused here, Senator. That \$2.9 million that I spoke about relates to the 1996-97 financial year. I said that we had spent \$107,000 on it this financial year.

Senator FAULKNER—In cinemas on speed?

Mr Williams—On that campaign, and there has been complementary spending by states. But the decision is now to run that ad reworked slightly on television.

Senator FAULKNER—Why did you pick the aspects? I think some of them have historically been pretty effective. Why did you pick up that issue? Was this a decision of the ministerial council to pick up the issue of speeding as one to broaden out? I am just interested to know what the basis of that particular decision was.

Mr Williams—The decision to target, essentially, was one for the federal Office of Road Safety. It does that, as I understand, in conjunction with the respective state departments. They aim for some degree of complementarity, if possible.

Senator ROBERT RAY—They used to get a fair bit of free time as well as paid time, didn't they?

Mr Williams—I could not answer on behalf of the states, but certainly the Commonwealth would look at that. The Commonwealth pays its way in advertising but if it can get some community service response, it will obviously take them on television.

Senator FAULKNER—Can you tell us, Mr Williams, when the actual television campaign will start in relation to this one?

Mr Williams—It will probably run either later this month or early into July.

Senator FAULKNER—Thank you.

Senator ROBERT RAY—They have been taken off the cinema. I have seen them in cinemas. Will they then be targeted to a specific audience?

Mr Williams—I have perhaps misled the committee, and I apologise for that. They will be run on television as well as radio. So there will be a radio version of them. So there will be audio—

Senator ROBERT RAY—That is okay.

Senator Minchin—It is targeting young people.

Mr Williams—Yes, targeting young people, essentially.

Senator ROBERT RAY—You are going to book space on television when *Xena—Warrior Princess* and all of those sorts of shows are being shown? Are you going to have a specific targeted audience?

Mr Williams—Certainly the media planning that will underpin the campaign will look at, for example, the radio stations of young people at risk. They are essentially new licence holders and perhaps a couple of years older. I do not listen to that type of radio, so I cannot tell you the particular programs. It will also look at television and the particular demographics. The focus of the ads will be on the inconvenience and other issues, such as the potential loss of your job associated with losing your licence.

Senator ROBERT RAY—Have you done an evaluation as to the effectiveness of the cinema advertising aimed at that audience? That is one segment of the \$2.9 million.

Senator Minchin—I am not sure where you are going on this, but this campaign was brought to the ministerial committee by the Office of Road Safety—essentially for information, as I recall. It said, ‘We have decided to run this cinema ad on television. We have done research that shows it is a very effective ad in cinemas, so we propose to put it to air on television.’ The committee, having only been presented with that for information purposes, expressed a view to the Office of Road Safety that we did not think it was necessarily very effective to take a cinema ad and put it straight on television, as you would understand. It is a completely different environment and audience. We suggested—and they have taken up that suggestion—that they have a look at that advertisement with a view to altering it to make it more appropriate for airing on television as opposed to cinema. I was somewhat surprised about the idea of taking a cinema ad and sticking it straight on television. They have responded to that. We are yet to see the recut version of that. They have agreed to bring it back to us.

Senator ROBERT RAY—Let me rephrase the question. Have they taken up some sort of suggestion from you to go back and research the effectiveness of the cinema ad and evaluate whether it was a success or not?

Senator Minchin—We asked whether we could be provided with a copy of the research that they said they had done on the effectiveness of that ad as a cinema ad, which we were given. It supported their case that, as a cinema ad, it was an effective ad. By way of suggestion, we simply said to them that we felt that, from our political experience—which you would have—you cannot take a cinema ad and stick it straight on television. You have a captive audience in the cinema sitting there watching the whole thing, without the distractions of children and kettles going off and things like that. We said, ‘We would suggest to you that you might want to consider whether this particular commercial’—and if you saw the commercial you would know what we meant—‘can be taken straight from the cinema and

stuck on television.’ They have gone away to think about that and bring a recut version back to us.

Senator ROBERT RAY—I think that is good work by the committee. I return to the original campaign. Did that come through the committee as well?

Mr Williams—I could not answer that. Is that the original cinema ad?

Senator ROBERT RAY—I am referring to the totality of the campaign, which included cinema and expended \$2.9 million?

Mr Williams—I would have to take advice, Senator. The corporate memory is not terribly strong, but my advice is that each of those five campaigns that I referred to earlier has been through the MCGC as individual campaigns.

Senator ROBERT RAY—Are they being coordinated and produced by an advertising agency? If so, could I have the name of the agency?

Mr Williams—The advertising agency for that is Sargant, Rollins, Vranken, Terrakas.

Senator FAULKNER—You indicated, Mr Williams, that that agency had conducted the earlier campaign. You deemed it appropriate, given the preparatory work that had gone into preparing it, that they are in a position to adapt that campaign. I think that you are saying to us—and it may be very reasonable in this circumstance—that that did not go to the third leg of the campaign, which is what we have been talking about in relation to the adaption of the cinema ad for television. That did not go to an open tender process?

Mr Williams—No, that was done by the incumbent agency whose contract expires at the end of the calendar year 1998. ORS is a continuing advertiser. That contract will be up for retendering and reletting towards the end of this year.

Senator ROBERT RAY—That is all we have about road safety.

Senator FAULKNER—You mentioned two other campaigns: the single business entry point campaign and the community education information campaign?

Mr Williams—Yes, I did, Senator.

Senator FAULKNER—Can you tell us the client department for the single business entry point campaign, please?

Mr Williams—The client department for the single business entry point campaign is the Department of Industry, Science and Tourism.

Senator FAULKNER—What is the client department for the community education information campaign?

Mr Williams—That is the Department of the Treasury.

Senator FAULKNER—Can you tell me what the budgets are for those two campaigns, please?

Mr Williams—The community education information program—there was a reference in the budget to an amount of \$10 million.

Senator FAULKNER—What is the budget for the other one?

Mr Williams—That is of the order of \$5 million.

Senator FAULKNER—\$5 million?

Mr Williams—Yes.

Senator FAULKNER—Can you give us a bit of a status report in relation to the community education information program, please?

Mr Williams—In what sense, Senator?

Senator FAULKNER—Where is it up to?

Mr Williams—In terms of where it currently is, a research company has been appointed.

Senator ROBERT RAY—What company is that?

Mr Williams—The name of the company is Worthington Di Marzio.

Senator ROBERT RAY—Where are they located?

Mr Williams—In Melbourne.

Senator ROBERT RAY—Are they Melbourne based?

Mr Williams—Yes.

Senator ROBERT RAY—What is their speciality—all round, or do they do qualitative or quantitative?

Mr Williams—They are a qualitative company. They also do quantitative, but qualitative—

Senator FAULKNER—Do they primarily do qualitative—

Mr Williams—They can do both.

Senator ROBERT RAY—Who chose those—OGIA or the Department of the Treasury?

Mr Williams—Treasury—it went through a normal process. OGIA was involved in the identification of suitable companies and a selection process was made. It is the same way as any research company appointment is made.

Senator Minchin—Current practice in relation to market research projects is that it is not for the MCGC to select but for OGIA and the client department to agree upon a list of appropriate firms to carry out the work proposed, then for the relevant department to administer and to make the selection of the research company.

Senator ROBERT RAY—So OGIA has a list of suitable firms?

Mr Williams—We have a database of advertising, PR and research companies. It contains key words based on the company's experience and so on. We do a search depending on the nature of an information activity and we identify a short list which we discuss with the client department. It might have had research done by someone else and may say, 'What about them?'

Senator FAULKNER—In relation to this process, how short was the short list? I do not want to know the names of the other companies. What you are really describing is a type of selective tendering process; is that right?

Mr Williams—As I understand it, it has been a consistent process through MCGC for some time. We run a database. We actively seek companies to register on our database. We are about to undertake a further round of advertising. We do that on a fairly frequent basis. That allows people to refresh their existing information and also allows us to pick up new companies so that we can keep abreast of what is happening.

Senator FAULKNER—Can you come back to the short list in this instance?

Mr Williams—Six companies were identified as being capable of undertaking this assignment.

Senator FAULKNER—Can you let us know when OGIA communicated with the six short-listed companies and invited them to tender for this work?

Mr Williams—The date that they were invited?

Senator FAULKNER—Yes.

Mr Williams—I do not have the exact date here, but it would have been some time after 8 May.

Senator FAULKNER—Sorry?

Mr Williams—Shortly after 8 May, I would think.

Senator ROBERT RAY—Or the 12th?

Mr Williams—I beg your pardon?

Senator ROBERT RAY—Was it the 8th or the 12th?

Mr Williams—I said after the 8th. But I would need to take that on notice to give you an exact date.

Senator FAULKNER—The significance of Senator Ray's question is the timing of the budget, I assume.

Senator Minchin—Senator Minchin—The ministerial committee met on the 8th and approved the research brief and the proposed list of consultants.

Mr Williams—It would have gone out to the consultants some time after that.

Senator FAULKNER—Can you let us know when the appointment of Worthington Di Marzio was made?

Senator Minchin—That was done by Treasury, not by OGIA.

Senator ROBERT RAY—Did Treasury inform you of the date on which it appointed them?

Senator Minchin—I think it would be more appropriate to ask Treasury when it made the appointment. It was not an appointment made by us.

Senator ROBERT RAY—You know that we cannot chase it in an estimates committee. If the information is here, it is a lot easier to get, is it not?

Senator Minchin—I do not have that in front of me.

Mr Williams—We do not have the information relating to the MCGC and OGIA processes, but that appointment is made by Treasury.

Senator ROBERT RAY—If there is no knowledge there, we accept that. What was the budget for the research?

Mr Williams—The research budget was \$200,000.

Senator ROBERT RAY—It was \$200,000 for qualitative research?

Mr Williams—That was the total research budget.

Senator FAULKNER—Are you aware of a breakdown within that global budget for qualitative and quantitative research?

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

Senator FAULKNER—Is that included in the \$10 million overall budget for qualitative and quantitative research?

Mr Williams—Yes, it will be.

Senator ROBERT RAY—You were not clear before. I thought Worthington Di Marzio was employed to do qualitative research?

Mr Williams—Yes.

Senator ROBERT RAY—Not quantitative?

Senator Minchin—It is my understanding that it was employed to undertake research which, I would assume, as in most research projects—and certainly one of this kind—would involve both.

Senator ROBERT RAY—That is what I am trying to find out.

Senator Minchin—My presumption is that it is doing both.

Mr Williams—At the moment they have done only qualitative research, but they are capable of doing quantitative research.

Senator ROBERT RAY—There is a difference between being capable of doing quantitative research and whether they are going to, or whether they are spending \$200,000 on qualitative research. That is what I am trying to establish.

Senator Minchin—It is not being done for this department for OGIA; it is being done for Treasury. The only involvement of OGIA in the MCGC was to advise on a short list from whom they could choose their consultant and have the research done that they wanted done. It is really more appropriate to direct that question to Treasury.

Mr Williams—We do not hold the contract with the research company, whereas with advertising agencies OGIA holds the contract and we are able to have much more precision and knowledge concerning what activities there are.

Senator ROBERT RAY—Approximately how many companies would be on the register of potential companies?

Mr Williams—For all categories?

Senator ROBERT RAY—Yes.

Mr Williams—I think it is about 1,000 companies. That is covering—

Senator ROBERT RAY—This must be the biggest growth market in the country.

Mr Williams—That is not just research companies.

Senator ROBERT RAY—Sorry. You have a register?

Mr Williams—We probably have about 100. I do not want to frighten you by saying there are 1,000 research—

Senator ROBERT RAY—Basically, you are saying that you have one register that has on it X amount of advertising, X amount of PR and so on?

Mr Williams—Yes, that is right—in total. We access it using similar criteria, which are key words and experience, and that applies across the three categories.

Senator ROBERT RAY—How often do you revise that register?

Mr Williams—As I said, we advertise frequently to get our companies currently on the register to update what they have and also to bring in new companies. As you would be aware, in the advertising and research industries people often leave and start their own firms. We encourage people to register with our database. We also do industry visits so that people from research, advertising and PR keep up to date with the companies so that we are in a position to provide sound advice.

Senator ROBERT RAY—And the financial basis for this campaign that Senator Faulkner was asking about is a budget allocation in the Treasury Department?

Mr Williams—Yes. An amount of some \$10 million was announced in the budget. That is the number that we understand is—

Senator ROBERT RAY—This money is not going to be spent on explaining legislation before the parliament?

Mr Williams—I beg your pardon?

Senator ROBERT RAY—I am asking the minister.

Senator Minchin—I really cannot say more than what we have said in the budget papers. It is a program to inform the public of the nature of the Australian taxation system and changes required to reform it. It is designed to assist taxpayers to understand the nature of the reform of the tax system, which will result in better compliance and the development of a more efficient revenue base.

Senator ROBERT RAY—But there are guidelines as to what a government can advertise under, and they specify certain requirements, one of which is a course of legislative action. Are you familiar with those?

Senator Minchin—There are guidelines that departments have in relation to what is required for due process for the approval of campaigns that must be followed whenever a campaign is authorised, for meeting the requirements of MCGC. But they are essentially government information campaigns.

Senator ROBERT RAY—But on this occasion it is not based on any legislative base because you are talking about something that is prospective.

Senator Minchin—As I say, this campaign has not yet come to any fruition. But based on what is said here by Treasury, it is about informing the public of the nature of the Australian taxation system and the changes required to reform it. Based on that, much of the campaign will be about telling Australians the nature of the system they have. There is always this issue about what it is appropriate to say about what might be proposed. But it is certainly—

Senator ROBERT RAY—The only dispute concerns who pays for it.

Senator Minchin—Yes. Any government must face this issue: at what point is it proper that the party of the government concerned should be carrying the responsibility and what is proper for the government as a government to be doing? No doubt you faced that issue in your period of government. What is proposed here is a \$10 million campaign to inform Australians about the taxation system that we have and what would be required to reform it.

As I say, Treasury is the client for this campaign, and naturally you will be pursuing this matter with Treasury as to what it is exactly they want to do with their campaign. We will be asked, as OGIA and MCGC, to approve the campaign itself. But as to what is proposed and what is the desired objective of the campaign, it is really a matter for the client department.

Senator ROBERT RAY—That is certainly true. But what I am asking is: in this government, are there any guidelines issued by your committee—or which you know of, as a department that one day may be a client—that describe the circumstances in which you are entitled to use taxpayers' funds for information campaigns? When you look down the list—measles, road safety, all of these ones—they not only have bipartisan support but represent very sensible advertising. Here you have a government that is not yet releasing its tax

proposals, and presumably it is going to advertise them with taxpayers' money, et cetera. We can argue about that, and that becomes a matter of political controversy, but what I am asking is: are there guidelines on departments—and I would have thought your committee would know—as to the nature of what they can launch a public information campaign on and what they cannot?

Senator Minchin—Mr Williams might want to describe in more detail the guidelines as such. But campaigns of this kind, of course—as I would have thought has been the case for many years—must go through the cabinet process. At the end of the day, that responsible body—in terms of it being ultimately responsible to people in the parliament—makes decisions about what sort of campaigns will proceed when they are of that dimension. Ministers bring submissions to cabinet, and cabinet makes a determination.

Senator FAULKNER—It might be useful for Mr Williams to answer a question, through you, Minister—to advise the committee as to any formal or written guidelines or criteria that are applied in these circumstances.

Mr Williams—To my knowledge there are no formal guidelines that answer the question that I understand you have asked.

Senator ROBERT RAY—So if the cabinet were so disposed, you could carry out a public information campaign that the earth is flat. I know a certain Queensland Premier who probably would have.

Senator Minchin—At the end of the day, for any government, the cabinet must decide what it believes to be an appropriate and publicly defensible use of public moneys and answer in the political marketplace for its decisions.

Senator FAULKNER—Can you explain to us now then—apart from a decision, I assume, by budget cabinet in relation to the expenditure of these moneys—how this is a cabinet decision?

Senator Minchin—Explain how it is?

Senator FAULKNER—You are saying that cabinet can make such a decision. Has there been cabinet involvement in this regard?

Senator Minchin—All I can say is that a campaign of this kind would have had a cabinet decision—

Senator FAULKNER—You are saying that it is a matter for cabinet. Has a decision been made by cabinet about this particular issue? I am assuming that budget cabinet made a decision in relation to the expenditure.

Senator Minchin—I am being reminded that we do not canvass what decisions are made by cabinet and when.

Senator FAULKNER—I am not asking that. You said that cabinet makes decisions about this.

Senator Minchin—Treasury comes to us—based on what has been publicly reported, that there is a \$10 million advertising campaign.

Senator ROBERT RAY—The budget papers usually refer to a specific cabinet decision. The budget papers usually have a little notation at the bottom. They usually refer to a particular cabinet decision. So we could check that.

Senator Minchin—I can only presume that this would have been through the normal budget cabinet process.

Senator FAULKNER—Now you are presuming it. I am not asking you what the cabinet decision was. I did not even ask you when it was made. I think it is a reasonable thing to ask you when it was made, and it may well be a reasonable thing to ask you what it was. On two occasions you informed the committee that this had been, as I understand it, a decision made by the cabinet. I am asking you: did cabinet make a decision about this particular advertising campaign?

Mr Bartos—Anything that is announced in the budget papers has the authority of the government behind it. Other than that, in the estimates committee process—

Senator FAULKNER—One assumes that there is a budget cabinet decision. That was not what Senator Minchin was referring to, as you and I both well know. Senator Minchin was not talking about a decision made by budget cabinet but about the authority for the decision being the cabinet.

Senator Minchin—I did not distinguish between whether it was budget cabinet or cabinet per se. I frankly do not know.

Senator FAULKNER—You do not know?

Senator Minchin—No. That is not my responsibility. I am not a member of cabinet. My responsibility is to—

Senator FAULKNER—So you do not know whether or not it is a cabinet decision?

Senator Minchin—Or a budget cabinet decision, if you are drawing that distinction. No, I do not.

Senator FAULKNER—You told us on two occasions that it was a cabinet decision, but now you do not know.

Senator Minchin—I am not drawing a distinction, in terms of this discussion, between budget cabinet and cabinet. It is a decision of the government.

Senator FAULKNER—It is a decision of government?

Senator Minchin—If you want to pursue that, you would have to deal with Treasury, who had to seek the authority for the campaign and expenditure.

Senator FAULKNER—Let me ask a very general question: whose decision was it?

Senator Minchin—I am not in a position to advise you on that, except to take it on notice. It is something you can pursue with Treasury. Treasury has the authority, as recorded in the budget papers, of the government to conduct a \$10 million information campaign.

Senator ROBERT RAY—Is it going to be Treasury or the tax office?

Senator Minchin—No, the Department of Treasury. I am quoting from the budget papers: The Department of Treasury was allocated \$10 million . . . for an information and education programme . . .

Senator ROBERT RAY—So they will be the client, not the tax office; is that what you are saying?

Senator Minchin—That is why it is coming through the MCGC/OGIA process.

Senator ROBERT RAY—Because the tax office does not have to put theirs through?

Senator Minchin—We discussed before the fact that the tax office is not normally subject—unless by specific direction from the Treasurer—to going through the MCGC process.

Senator ROBERT RAY—I acknowledge that. There was some confusing evidence that mentioned the tax office in regard to this before, that is all. But it is established that the tax office is not involved.

Senator Minchin—It is a Treasury campaign. If you want to pursue the decision-making process, I am not in a position to give you information on that. You would have to pursue it with Treasury.

Senator ROBERT RAY—Excluding Defence Force recruiting, is this the most expensive campaign contemplated in 1998-99?

Senator Minchin—We cannot talk about anything other than decisions that have been made. We cannot talk about what might be in someone's head. But in terms of committed campaigns—

Senator ROBERT RAY—Let us not have semantics. If it is in someone's head, you cannot possibly need to know about it.

Senator Minchin—My understanding in terms of the campaigns that have been announced and are on the public record—

Senator FAULKNER—Could I stop you there? In relation to 1997-98, was any advertising campaign conducted in excess of \$10 million, excluding Defence Force recruiting?

Mr Williams—Excluding Defence Force recruiting, there was the Office of Asset Sales Telstra float.

Senator FAULKNER—What about 1996-97?

Mr Williams—There was no campaign in 1996-97 in excess of \$10 million other than Defence Force recruiting. That is the answer you are seeking?

Senator FAULKNER—Yes. I am afraid that I stepped outside the room for a moment, so I am not sure what stage Senator Ray's questioning had reached.

Senator ROBERT RAY—It might be helpful—and some of the materials have already been provided—if you could possibly provide in tabulated form the campaigns in 1996-97 and 1997-98, some of which is already available. Could you then tabulate what is proposed for 1998-99—that is, a decision of government to spend X on a campaign, not what some member may be contemplating; we do not want that. Could you put that in tabulated form and take it on notice for us?

Mr Williams—So for 1998-99 you are asking for campaigns that have been announced and agreed to go forward?

Senator ROBERT RAY—No, that have been authorised by a government decision.

Mr Williams—To go forward.

Senator ROBERT RAY—Is that clear? It needs a cabinet authorisation in one form or other—in the budget, et cetera.

Mr Williams—I understand the question. We will take that on notice.

Senator ROBERT RAY—I do not expect an answer right now. We accept, Minister, that you are the processing agents here rather than the initiators, et cetera. Am I right in saying that this amount of \$10 million was allocated in the 1997-98 budget in any event?

Senator Minchin—It was announced on 12 May—whenever the budget was.

Senator ROBERT RAY—But was it in the previous budget?

Senator Minchin—No.

Mr Williams—I understand it was budgeted for 1997-98. I do not know—you really have to ask the Department of the Treasury.

Senator ROBERT RAY—With respect, we have the Department of Finance and Administration here. I thought the Department of Finance and Administration actually went through every expenditure item. Mr Early, in your corporate memory, can you remember a figure put in the 1997-98 budget?

Mr Early—I have no recollection. I am afraid I simply cannot recall.

Senator Minchin—The Prime Minister announced the tax reform initiative some considerable time after the 1997 budget. So there is nothing in the 1997-98 budget papers about this, to my knowledge.

Mr Williams—There were no references, as I understand it.

Senator Minchin—This \$10 million was in the recently announced budget.

Senator ROBERT RAY—When was the ministerial committee informed that there was a prospective campaign? When was OGIA informed that there was a prospective campaign in this regard?

Mr Williams—I was first advised on 30 April.

Senator FAULKNER—And there was a meeting of the—

Mr Williams—MCGC—

Senator FAULKNER—on 8 May, I think you have said.

Mr Williams—I will just check that. Yes, 8 May.

Senator FAULKNER—Can you let us know who advised you on 30 April, please?

Mr Williams—I was advised by Peter Vaughan.

Senator FAULKNER—What department does Mr Vaughan come from?

Mr Williams—He is currently an officer from the Department of the Prime Minister and Cabinet, but he has been seconded to the Department of the Treasury to project manage this campaign.

Senator ROBERT RAY—That reminds me: you answered a couple of questions on notice. We do not do this very often, but I would just like to pass on my appreciation for the precision of your answers that we received yesterday. It was a good example of what public servants are supposed to do. It is not very good getting a compliment from me, but anyway—

Mr Williams—I will take it while it is coming to me.

Senator FAULKNER—That is a bit of a setback for the old career!

Senator ROBERT RAY—We asked some precise questions and got very precise answers.

Senator FAULKNER—Could you please explain to the committee what Mr Vaughan's role is? You have indicated he is an officer of the Department of the Prime Minister and Cabinet and he has been seconded to work on this.

Mr Williams—I think this question is probably best put to Treasury.

Senator FAULKNER—I think it is probably best put to Mr Vaughan. I would like to know, before I ask Mr Vaughan—which I will do tomorrow—the interaction that you have had with Mr Vaughan from the OGIA perspective. We have been down this track before in relation to

another advertising campaign, as you know, Mr Williams, so I think we had better get it clear from the start on this one.

Mr Williams—I cannot add much more except to say that the project is being driven, as I understand, by Greg Smith, who is the Deputy Secretary to the Department of the Treasury, and Mr Vaughan is working in some capacity on the project to Greg Smith. Other than that, I think it would be best to ask the Department of the Treasury what Mr Vaughan's role is.

Senator FAULKNER—Are you aware of any interdepartmental committee, task force or the like that is playing a coordinating role in this?

Senator Minchin—I do not think those questions are appropriate to put to the head of OGIA. He is not involved in—

Senator FAULKNER—With respect, it is totally standard to put to the head of OGIA if OGIA is involved in such activity, and that is what I—

Senator Minchin—But that was not the question; it was asking about the whole structure—

Senator FAULKNER—If you had not interrupted me in mid- question, I suspect that is how the question would have evolved.

Senator Minchin—I am sorry to interrupt you.

Senator FAULKNER—I accept your apology. Mr Williams might let us know whether OGIA is aware of the existence of such a body or any involvement that OGIA might have in it.

Mr Williams—I am not aware of any. Our relationship has strictly been one of being asked to assist in the processes that underpin MCGC.

Senator FAULKNER—In relation to the actual timing of the qualitative research that is being undertaken by Worthington Di Marzio, can you inform the committee what the timing is of that research, which I assume you would know about?

Senator Minchin—Again, with respect, OGIA's role begins and ends with advice on the list of consultants and then it is a matter for the client department, which, as Mr Williams has said, has the contract with the research agency. We have described OGIA's role with the research. Any further questions you have on that will have to be put to Treasury.

Senator FAULKNER—But what OGIA is being asked to do is identify appropriate research companies to undertake a particular type of work in a particular time frame. I think that is right, isn't it, Mr Williams?

Mr Williams—Yes, that is correct.

Senator FAULKNER—We have heard about what the type of work is. We have extracted that, Senator Minchin, and all I am trying to extract now is the time frame.

Senator Minchin—Again, I do not think that is a matter for OGIA; that is a matter for Treasury. It is a matter for the client department to tell you what it can about the research project which it has commissioned. All we have done is advise them as to which research companies they should pick from. I think any other questions would more properly be put to Treasury.

Senator ROBERT RAY—Let us go back to 30 April. You were informed by a PM&C officer that there was likely to be a campaign?

Mr Williams—I was informed by Peter Vaughan. I understood him to be acting in his capacity as a secondee to the Department of the Treasury, because that is what he told me—that he had been seconded to work on this project with the Department of the Treasury.

Senator ROBERT RAY—Away from the Office of Indigenous Affairs?

Mr Williams—My understanding is that it is a part-time secondment.

Senator ROBERT RAY—Just to put this in context, Minister, PM&C mentioned Mr Vaughan's role yesterday, but we had already gone past Indigenous Affairs and ATSIC so he was not around. I tell you that just to follow it up in case you were wondering about the context of that. Did Mr Vaughan indicate to you the financial authority on which this campaign would be undertaken?

Mr Williams—He contacted me on 30 April, as I had said earlier, and indicated that he would be being involved in this particular activity. We arranged a meeting to get things moving, as it were, in terms of—

Senator ROBERT RAY—When was that meeting?

Mr Williams—You actually have me there, Senator. I do not have a record of that.

Senator FAULKNER—Do you know who was present at the meeting, Mr Williams? Was it just yourself and Mr Vaughan or were there others present?

Mr Williams—From memory it was just myself, Mr Vaughan and some officials from the Department of the Treasury.

Senator ROBERT RAY—This is not a trick question. I am just trying to work out whether Mr Vaughan's contact is just good staff work, knowing that it is coming up in the budget and getting you all moving on it, or whether you, in fact, should be moving on something before the actual financial line of authority is approved.

Mr Williams—In respect of this project, the only contact I have had with Mr Vaughan is just a checking process, probably once a week, to see that things are moving.

Senator ROBERT RAY—Let us go through the processes from then. Mr Vaughan said, 'There will be a campaign.' We are not going to go through this with every campaign you have got going; all I am doing is testing the process. What processes do you put in place then? You are told, 'Look, there is going to be a campaign; we think the budget is \$10 million; the client department is Treasury.' What does that trigger in your organisation? What steps do you then take?

Mr Williams—I think I went through this with you at our earlier meeting in February. Essentially, what happens if a client department comes to OGIA and says, 'We are proposing to run a campaign', we will sit down with them and look at their communications strategy or how they are proposing to develop it. We look to see whether research, public relations and advertising is involved. It is not always the case that all three elements are involved—it can be just research and advertising or research and PR.

Briefs are prepared for the various components—research, PR and advertising. Those briefs and the communications strategy go to the MCGC, together with a list of proposed companies or consultants. The MCGC approves the strategy in the briefs—the lists. A process is gone into in terms of short-listing those companies. For research and fee selection, an appointment is made by the client department for PR companies and advertising agencies. Generally speaking, a short list of two appear before the MCGC, who make a selection. Following selection, the day-to-day involvement devolves to the client department.

Senator ROBERT RAY—So your steps so far are that you have consulted with Treasury, you have given them a short list of research companies, one evolves as the winner and they are tasked to do that work?

Mr Williams—That is right, and the contract has been entered into between Treasury and Worthington Di Marzio.

Senator ROBERT RAY—Tell us where you are up to with the advertising agency side of this.

Mr Williams—A short list has been identified and the advertising brief prepared.

Senator ROBERT RAY—We always get confused about this. This is why I wanted you to run through it again. There are usually two short lists, aren't there? A short list and then a refined one—two short lists; is that right?

Mr Williams—Generally speaking, yes.

Senator ROBERT RAY—I am not trying to—

Mr Williams—It can vary.

Senator ROBERT RAY—It could go up to three on the final day or something like that.

Mr Williams—It could go to three or it could go direct to the MCGC if there are only a small number.

Senator ROBERT RAY—How many did you put on the initial short list here for advertising agencies?

Mr Williams—I am a bit loath to answer these questions, Senator, because we are still in a selection process.

Senator ROBERT RAY—I have not asked for the names yet. I have asked how many have gone on the short list.

Mr Williams—Even numbers might be—

Senator Minchin—We are talking about the advertising?

Mr Williams—Yes.

Senator Minchin—The newspapers have reported that there were seven and I am happy to confirm that there were seven.

Senator ROBERT RAY—There were seven proposed by OGIA?

Senator Minchin—I think it was in agreement.

Mr Williams—There were seven developed. These things are an iterative process. We go to our register, we take input from the department, but there are seven.

Senator ROBERT RAY—I am asking you a very precise question here. Did you bring seven out of OGIA and put them on the list or did you bring four, five or six out of OGIA and then accept suggestions from somewhere else?

Mr Williams—As I said, this is an iterative process with these things.

Senator ROBERT RAY—There is no judgment involved.

Mr Williams—No, I would have to check our records to see what we had identified in terms of the total seven.

Senator ROBERT RAY—With due respect, if you developed a short list, which was later going to be refined to a short, short list, you would recall if anyone else urged to you to add anyone else to the list.

Senator Minchin—Senator, the MCGC takes final responsibility for approving the final list of consultants. At the end of the day, it is not a matter for OGIA—and I am not sure how much detail we want or are prepared to go into about that. But MCGC takes responsibility for the list of consultants to be approached to see if they wish to tender for the work.

Senator ROBERT RAY—I understand that.

Senator Minchin—We told you that there were seven.

Senator ROBERT RAY—But then, minister, you come to scrutiny here. One of the great protections for you in making these subjective decisions is that all the processes on the way through tend to be fairly objective. There is no way of making an objective decision in the end; you and your colleagues on the committee have to make a subjective decision. I accept that. What I want to know and what I am asking is: did OGIA develop its original list out of its database or did anyone suggest other firms be added in? That is a fair question.

Mr Williams—The list that went before the committee that approved the list came from OGIA with seven names. That went to the meeting that was held, which considered the brief.

Senator ROBERT RAY—It came from OGIA.

Mr Williams—It came from OGIA. It was submitted by OGIA.

Senator ROBERT RAY—And coming out of that process, did seven names emerge or do they refine the amount down?

Mr Williams—The seven names that went to the MCGC meeting that considered the advertising brief and the names were not changed at that meeting.

Senator ROBERT RAY—Were not changed. That is all I was asking. I do not know what the excitement is about.

Mr Williams—I was just trying to say that it is an iterative process.

Senator ROBERT RAY—Yes, I understand that. But all things move on. Whatever was done in the past is improved in the future. If in OGIA now they have a process where you, as independent public servants dealing with highly politicised and articulate people on the ministerial committee, put through a list there and then they refine it down, we do not complain about their judgment necessarily because we believe that the seven who got on the list probably got there on your independent judgment. What we object to is if someone is added to the list—well-known recidivists around the place—by their political masters. That is all I was trying to establish with that. You are saying, no, it all went through, straightforward.

Mr Williams—As I say, the committee meeting that approved the list in the brief, that came from OGIA.

Senator ROBERT RAY—Yes, and you developed those out of your register without suggestions from anyone else. You did not have anyone from Treasury or a minister or anyone ring you up and say, ‘When you are doing that short list of seven, we would like ‘X’ on.’ That is what I am asking, basically.

Mr Williams—All I am saying is that there may have been discussions between OGIA and Treasury in putting that list together, because it is a joint list. As you recall, the processes are that the material going to the MCGC is that the portfolio minister approves.

Senator ROBERT RAY—I am asking you a very simple question. Did the seven names you forwarded on, even though it is an iterative process, I understand that—

Mr Williams—The seven names that went to the committee that made the decision came from OGIA.

Senator ROBERT RAY—Without input from Treasury as to suggestions that someone be added or otherwise?

Mr Williams—As I say, the seven names came from OGIA. We went through our register and identified—

Senator Minchin—But in principle, every exercise is joint as between OGIA and the client department as to the development of the list in every case.

Mr Williams—We do not force a list necessarily on to a client department. We sit down and talk them through.

Senator ROBERT RAY—You have a register. You draw names from the register. Given that you have search words, I think it a bit passing strange that a client department would say ‘bring up the appropriate six or seven’. I am trying to ask whether the Treasury suggested any particular firm to you to put on the list of seven.

Mr Williams—I will just step back a bit. It may be that our database throws up a list of agencies. There may be agencies that are not there because they are either not registered with us or we are unaware of their expertise and the keyword might not throw them up. That is an opportunity for the agency—

Senator ROBERT RAY—Your client is entitled to say to you, ‘I think you have missed X.’

Mr Williams—Exactly.

Senator ROBERT RAY—I am asking you: did they say, ‘You have missed X’?

Mr Williams—As far as I am aware, no. The list that we have upped to the MCGC for approval was generated out of OGIA.

Senator FAULKNER—Can I ask you a slightly different question, Mr Williams? Did anyone make an express request to OGIA that a particular agency be placed on the short list prior to the short list going to the ministerial committee?

Mr Bartos—Senator, we have just taken advice on this. All the firms on the short list come out of the OGIA register.

Senator FAULKNER—That is not the question, Mr Bartos.

Mr Bartos—They come out of that register as a result of the discussions that, as Mr Williams indicated, are normally held—and in this case were held—with the client department and OGIA in relation to keyword searches. That produced the short list.

Senator FAULKNER—That is helpful, but it is not an answer to the question I asked. Let me ask it again, Mr Bartos, so you can seek advice on this. I did not limit it to the Treasury, the client department. I asked: did anyone make an express request to OGIA to place an agency on the list prior to the list going to the ministerial committee?

Mr Bartos—The answer is: no.

Senator FAULKNER—Thank you.

Senator ROBERT RAY—Have you also done a list of public relations firms, or is that not part of this campaign?

Mr Williams—The Department of the Treasury is considering at the moment whether it wishes to have a public relations involvement. It has spoken to us about the possibility of the inclusion of that. We are looking through our register at the moment on possible PR companies and also commenting on a possible PR brief.

Senator ROBERT RAY—I take it that the timing of the campaign has not yet been determined. That is not a facetious question.

Senator Minchin—No, not as far as we are concerned. No. If it has, it has not been advised to us.

Senator FAULKNER—What about the timing of the qualitative research campaign?

Mr Williams—I do not know. The contract is held by the Department of the Treasury. They set the timetable for the research company.

Senator FAULKNER—As you were investigating the appropriateness of agencies to conduct qualitative research, was the issue of timing one that you had to give consideration to?

Mr Williams—I said that we had short-listed six. The time frame was pointed out to them.

Senator FAULKNER—What was the time frame that was pointed out to them?

Mr Williams—As was mentioned earlier, the MCGC approved the list of six in the research brief in its meeting of the 8th. The Treasury were keen to get the research companies on board.

Senator FAULKNER—What was the time frame that was pointed out to them, Mr Williams—to use your words?

Senator Minchin—It was not a time frame in which the research was to be conducted, I do not think.

Mr Williams—It was a time frame for selection.

Senator Minchin—That was for selection and appointment. The time frame for the research is a matter for the Treasury.

Senator FAULKNER—I will go back to that. What was the time frame for selection that was pointed out to them?

Mr Williams—I would have to take that on notice, but it was a fairly quick time frame.

Senator FAULKNER—Are you aware of any communications with the respective research agencies that went to the sort of time frames in which there was an expectation that the research would be conducted? Is OGIA aware of that issue being raised with prospective research companies?

Mr Williams—I would have to take that on notice. I could not answer that question myself.

Senator ROBERT RAY—You are not aware of it, Mr Williams?

Mr Williams—I am not personally, no. That is not to discount that somebody in OGIA may be aware of it.

Senator FAULKNER—Are any of your officers who are here able to assist us in that?

Mr Williams—The officer working on that campaign is not here, no.

Senator ROBERT RAY—I take it, Minister, that the extending of government largesse to spread information on the tax system and possible reforms is so meritorious that the government will share with us the results of that research.

Senator Minchin—Well, you seek implicitly to disparage what has been proposed. Of course, we are doing no more than what was done by your government, which spent—

Senator ROBERT RAY—Let us not summarise your view.

Senator Minchin—\$6m in 1985 dollar terms on a very extensive campaign advertising what was wrong with the Australian tax system, as you would know. That was quite extensive public advertising about ending an unfair and antiquated tax system.

Senator ROBERT RAY—I will be much more up front when I am disparaging. I was not trying to disparage. I was just trying to put the best gloss on it from your point of view and to suck you into saying that, if it is just a community education campaign, of course we could look at the research.

Senator Minchin—The department for which I speak is not the owner of the research. The research is the property of the client department. You would have to ask them what they propose to do with it.

Senator ROBERT RAY—So you do not want to give us odds on it?

Senator Minchin—No.

Senator ROBERT RAY—So you will have about \$100,000 worth of Liberal Party research at your disposal.

Senator Minchin—The research has been done for Treasury. You can ask them about it.

Proceedings suspended from 5.44 p.m. to 5.53 p.m.

Senator FAULKNER—Mr Williams indicated that this has been an iterative process. I wondered who these iterations were taking place with. OGIA and who else were involved in these discussions? Whom did you have discussions with on this particular campaign, Mr Williams?

Mr Williams—We have only spoken to the client, which is the Department of the Treasury.

Senator FAULKNER—You have only spoken to the Department of the Treasury?

Mr Williams—To my knowledge, yes.

Senator FAULKNER—So the iterative process in relation to the selection of the most appropriate advertising agency has only taken place with officers of the Department of the Treasury?

Mr Williams—Yes.

Senator FAULKNER—I see.

Mr Williams—The register threw up the names and we ran them past the Department of the Treasury. They were happy with the names.

Senator FAULKNER—Yes, but the names you ran past the Department of the Treasury were the seven names that you had originally chosen as being the most appropriate to bid for this particular advertising contract.

Mr Williams—As having the capability of doing it, yes, and most suitable.

Senator FAULKNER—I see. But you have only engaged in that iterative process with officers of the Department of the Treasury?

Mr Williams—As I said, yes.

Senator FAULKNER—Which part of the Department of the Treasury is engaged with OGIA in this? Is it the corporate services area or have they got a particular PR area that has responsibility here?

Mr Williams—It is a project run under the auspices of Greg Smith, who is the deputy secretary to the Department of the Treasury. I do not know how it is structured.

Senator FAULKNER—So that means that Mr Vaughan was not engaged in that iterative process, then?

Mr Williams—I cannot answer that. He may have been or he may not have been. I cannot answer that.

Senator FAULKNER—I am sorry; he is an officer of the Department of Prime Minister and Cabinet.

Mr Williams—I treated him as an officer of the Department of the Treasury for these purposes, because that is what I have been told by him and by the Department of the Treasury. I do not see Peter Vaughan as an officer of PM&C for this purpose.

Senator FAULKNER—Is there anyone else whom you have been engaged in the iterative process with and whom you are defining as an officer of the Department of the Treasury who in fact is not an officer of the Department of the Treasury?

Mr Williams—I can only comment on one person, who has been seconded in to help on the communications side. I think she is from the Australian Taxation Office, but for the purposes of this campaign she is Department of the Treasury. It is a Treasury campaign.

Mr Bartos—Public servants who are seconded to another agency are officers of that agency when they are seconded to that agency.

Mr Williams—That is how we treat them.

Senator FAULKNER—You said that Mr Vaughan has had weekly contact with you?

Mr Williams—I would not say that it is weekly.

Senator FAULKNER—I think you did say that it was weekly.

Mr Williams—I might have said ‘weekly’. The time has gone fairly quickly. We had an MCGC meeting on the 8th and then there was a further meeting to approve the short list of the advertising agencies. We are only in early June. So it has probably been three times in the last three or four weeks.

Senator FAULKNER—But you consider that contact as if it were from a seconded officer? So he is on part-time secondment; is that what you are saying to me?

Mr Williams—I suggest you raise these questions with the Department of Treasury tomorrow. I have told you what I understand it to be. If it is different, the Treasury will know.

Senator FAULKNER—Let me go to the basis of your understanding. Why do you understand Mr Vaughan to be having an association with this matter as if he were from Treasury?

Mr Williams—Because Greg Smith, who is the Deputy Secretary of the Department of Treasury, who is responsible for this overall project, has told me so. And Mr Vaughan has told me. I believe both of those gentlemen.

Senator FAULKNER—Can you let us know whether you have had any contact with a Mr Mark Pearson, Managing Director, APL Sydney? Have you had any contact with him in relation to this advertising campaign?

Senator Minchin—I do not think it is appropriate to start canvassing what agencies might or might not be on the short list. Obviously, as and when an agency is selected to conduct the work is a matter for the public record. But as to any of the other agencies, I do not think it is fair or appropriate to start speculating or answering questions about who might be in or out, because of the respect that one should pay to those agencies. It is a matter for them as to whether they wish to indicate publicly whether or not they are on a list or tendering for the work. The line that you are about to embark on goes down that path. I do not think that is appropriate.

Senator FAULKNER—You referred to the newspaper article earlier. An article headed ‘new team to sell tax reform’ in the *Australian Financial Review* on 2 June talks about the Lintas agency having a rails run in relation to this campaign. I have not seen the newspapers today. Were you concerned by that article that appeared in the newspaper?

Senator Minchin—No, I did not read that article in particular, but I did see it. I think it talked more about what is publicly known about the individuals who are connected—and have been for some time—with the Liberal Party’s advertising.

Senator ROBERT RAY—The good old boys are back again, are they?

Senator Minchin—As I understand it, the Liberal Party was very pleased with the results of the 1996 campaign. While you dumped your agency, I do not think the Liberal Party has taken the same approach. As to whether they are the people it intends to use for the next election campaign, that is a matter for the Liberal Party.

Senator FAULKNER—It is also a matter for us, if what is reported in this newspaper article is accurate. It states:

Tax reform is considered such a core issue to the upcoming Federal election that some believe it would be logical to handle it as part of the Coalition’s main election advertising strategy.

Senator Minchin—Who said that?

Senator FAULKNER—The journalist.

Senator Minchin—Do you want me to give a running commentary on the—

Senator FAULKNER—Is that not accurate?

Senator Minchin—Which paragraph?

Senator FAULKNER—It is the second. I assume it is the second; I have it only in an electronically generated form.

Senator Minchin—At an estimates committee dealing with OGIA I am not going to indulge in my personal views about what journalists write as opinions of theirs. That is a subjective expression of opinion by someone called Catherine Fox. It has nothing to do with me or my responsibilities in relation to OGIA. I will insist on due process being followed with respect to the selection of an advertising agency to conduct Treasury’s campaign. When an agency is selected, that will become publicly known, obviously. But we are not going to start canvassing who might or might not be on the list of agencies that have been invited to tender. It is a matter for those agencies whether they wish to indicate publicly that they have been or are.

Senator FAULKNER—If you found this inaccurate or offensive, did you move to correct the record?

Senator Minchin—It is not a matter for me as minister responsible for OGIA to be expressing publicly a view about what some journalist might be saying about who should handle what. As I said, this is a Treasury campaign with the authority of the government.

Senator FAULKNER—We know that.

Senator Minchin—If the Liberal Party wants to say something about it, it is a matter for the federal director. If the Treasurer wants to say anything about a particular campaign that has been allocated to his department, that is a matter for him, not me.

Senator FAULKNER—According to this article, anyway, this approach is being orchestrated by a group of experienced advertising executives known as ‘The Team’. It outlines who the team are—Mr Mark Pearson, Mr Ted Horton and consultant to DDB, Mr Tony Ralph.

Senator ROBERT RAY—What has happened to Mr King?

Senator FAULKNER—I would like to know how many contracts the Ammirati Puris Lintas, APL, agency has with the Commonwealth government.

Senator Minchin—I am happy for Mr Williams to advise you of that. My understanding in relation to the Liberal Party is that it is not that agency that works for the Liberal Party but Mr Pearson, who works on election campaigns.

Senator ROBERT RAY—And Mr Horton and Mr Ralph.

Senator FAULKNER—All three of them have got a bit of form in that regard, I would have thought. Even you, Senator Minchin, would have to admit that.

Senator Minchin—Sure, but it is not their agency per se.

Senator FAULKNER—I am not asking about that.

Senator Minchin—In giving you information about that agency, I am just making the point that—

Senator FAULKNER—This question does not centre wholly and solely on the Liberal Party.

CHAIR—Let the minister answer.

Senator Minchin—My understanding is that that individual works on Liberal campaigns in his capacity as an individual and it is not that agency per se that does Liberal Party work. That is just a background to the answer to your question.

Senator ROBERT RAY—And that agency releases its creative geniuses during the election period because they bring in so much government work at other times.

Senator FAULKNER—Senator Minchin, as you said, you are very comfortable with the question. Why do we not just hear how much work APL currently has with the government.

Senator ROBERT RAY—It makes up 0.1 per cent of the total register.

Mr Williams—They have been selected to do two campaigns in the period March 1996 to June 1998.

Senator ROBERT RAY—What were those two?

Mr Williams—One was the Job Network.

Senator ROBERT RAY—Job Network. Just remind us of the amount of money again?

Senator FAULKNER—I can, if you like—\$4 million. But I am sure that Mr Williams can confirm that.

Senator ROBERT RAY—You have told us—\$4 million. Yes?

Mr Williams—And they have done the private health insurance incentives campaign.

Senator ROBERT RAY—How much was that again?

Mr Williams—That was in two parts. The figure I have here is \$2 million.

Senator ROBERT RAY—Were they awarded any contracts prior to March before Mr Pearson, Mr Horton and Mr Ralph joined them? Did they have an ongoing one?

Mr Williams—I would have to take that on notice. The only period I have is the period March 1996 to June 1998.

Senator ROBERT RAY—Can you check with people behind you who may have more corporate knowledge? It might just assist. I had a feeling they had one.

Mr Williams—It is only the two campaigns: the Job Network and the government's private health insurance incentives, which was in two parts. One was the encouragement to join the health funds and the other was the high income earners surcharge.

Senator ROBERT RAY—They had experience in one and they went on to do the other?

Mr Williams—That is right.

Senator FAULKNER—Which agency is handling the Office of the Employment Advocate campaign?

Mr Williams—That is in selection, as I understand. We are just checking the records. The agency is yet to be selected on that.

Senator FAULKNER—That is a \$3 million campaign, is it not?

Mr Williams—I will have to check. I think that is correct.

Senator FAULKNER—Just check: is it a \$3 million campaign due to begin in early August?

Mr Williams—That campaign has an overall budget of \$3 million and it is due to begin in August.

Senator FAULKNER—Early August. That was evidence given to the previous estimates committee. So we have a whole range of campaigns, but ones that are involved in issues of political controversy in Australia. You have got the Jobs Network at \$4 million and the youth allowance at \$2,800,000. You have got the \$3 million Office of the Employment Advocate campaign. You have given us the details, of course, also of the single business entry point campaign at \$5 million. You have not yet given us the timing of that campaign. Of course, then there is the big banana, the community education information program—in other words, the tax campaign—at \$10 million.

Senator ROBERT RAY—What about aged care and the Department of Social Security? Have they not got some campaign going, or did that not come via you? It was explaining nursing home policy and related matters.

Mr Williams—It is only very minor, Senator.

Senator ROBERT RAY—They just paid for the glossy that went out?

Mr Williams—I think brochures have gone out, yes.

Senator FAULKNER—Is it true that one agency approached to work on the tax campaign has actually declined to participate because of agency policy on political work?

Mr Williams—I do not think we can comment on that, Senator. The selection process is not completed.

Senator ROBERT RAY—I think what Senator Faulkner was asking was: when you drew up your short list of seven and approached them for their willingness to work, did anyone reject it and/or give a reason for rejection that accords with Senator Faulkner's assertion?

Mr Williams—We do not normally comment on those things until a decision has been made.

Senator ROBERT RAY—Why is that? These people are out of the process now.

Mr Williams—They are still part of the selection process, though, Senator.

Senator FAULKNER—How can they be part of the selection process if they have declined to participate?

Mr Williams—I go back to my basic response. Seven agencies have been asked to respond and I believe that is where we should leave it while the process is still under way.

Senator ROBERT RAY—It is not Lintas that refused to be involved, is it? They have agreed.

Senator Minchin—We are not saying anything about who was approached. We are not going to say anything about who might or might not have declined.

Senator FAULKNER—If one has been approached and has refused to participate, it is a perfectly reasonable question to ask in the circumstances. I do not see how that affects the integrity of the process, if there is any integrity in the process.

Senator Minchin—You are traversing ground which we said we were not prepared to answer questions on; that is, who might or might not be on the list and who might or might not be responding—

Senator FAULKNER—I am asking is it true that—

Senator Minchin—My understanding is that all seven are responding. My understanding is that that is an inaccurate report in that *Financial Review* article.

Senator ROBERT RAY—Let us just take you back to the register and who it throws up. It has thrown up one company on to the short list at least twice that we know. Just how fair is this register? How many other times has this company that has won the Job Network and private health insurance been thrown up for prospective accounts? How fair is the system in terms of others that are on the register? I am not going into any individual campaign now. I just want to know how many times it is thrown up.

Senator Minchin—But that is to go to the point of whether a particular company appeared on other lists and was unsuccessful in other campaigns, which we are not prepared to comment on.

Senator ROBERT RAY—I am asking how fair this register is if this company has been thrown up twice here and, I understand, on seven other occasions. It gets thrown up for all this work and it just so happens to have the team on board who just happened to run the Liberal Party advertising. You went berko when Singleton won one contract.

Senator Minchin—Singleton had a lot more than one contract. I have always taken the view that in politics it is ridiculous, on both sides, to prejudice from any government work agencies that do work for political parties. What is important is, 'did you go through due process?', and if an agency that does work for the Liberal Party wins an account on merit, good luck to them. The Singleton agency won a lot of government work while doing ALP work. Been there, done that. But the agency with which Mark Pearson is associated has had two government contracts.

Senator ROBERT RAY—Minister, you say ‘due process’. They have got a former director of the South Australian branch of the Liberal Party and a former director of the Victorian branch of the Liberal Party involved in the due process. We do not therefore reflect that you cannot make an objective decision provided, if you like, the sausage meat going into the sausage machine is not put in by you, and I do not think it is. But what I am trying to get to is this register and the keywords that seem somehow to throw up this company. Whilst it has got two contracts, it has been thrown up to pitch on many more occasions and there are others that never make it. That is why we are entitled, I think, to question whether that is a fair system—before it gets to you.

Senator Minchin—Sure, but you are putting us in a difficult position as far as commenting on who is on and who is not on particular lists of consultants that are asked to tender for work. That is our dilemma. You are asking us to say that this particular company has been on lists that it has been unsuccessful in tendering for.

Senator ROBERT RAY—Your defence, Minister, is: these short lists are thrown up by independent public servants. Good. We agree with that. We also agree that you should not penalise a firm because it has political connections. A lot from both our parties would disagree with that, but we do not. We think, yes, they can do it. We also think having professional political operators decide these things usually turns out a better result than bumbling policy orientated amateurs, frankly. We agree with all that, but just to protect the system you have to make sure that what is chosen out of that register is done without interference. You know our views on a previous contract and we will both argue who finished in front on that, or we may not. However, what we want to see is what goes in. For us to assess that, we have got to know—and it is fair enough. Of course a politically connected firm could win contracts. Three would be very unusual. But if it is constantly being invited to pitch, we are entitled to ask questions, given their close connection to the Liberal Party.

Senator Minchin—As I say, we have given you evidence that OGIA and the client department, whatever it is, agree on a list to present to us for approval. I am not commenting on any particular agency. It depends on whether the particular agency is listed in the register as having particular expertise in relation to particular accounts. But as you would know, there are some big agencies in this country that are very good and that will tend to come up in relation to these sorts of projects.

Senator ROBERT RAY—Let me ask you this question. There will be an election in the next nine months. Your Prime Minister has said that tax will probably be the key issue. He has not written off Wik and a few other issues, but I think it is fair to say that the Prime Minister says that he thinks that tax will be the key issue, not the sole issue. So we will not argue about the semantics, will we? If, in fact, as you say, this firm will not do the Liberal Party political account—which I accept; I know that they will not—but that its key operatives, its creatives, will come out and run the Liberal Party campaign, giving them access to \$200,000 worth of research, and then suddenly say, ‘But what Chinese walls exist?’ they are just going to take all that psychic thing they have got out of the research and transfer it over to the Liberal Party. Where is that fair?

Senator Minchin—This is all speculation that we are unable to help you with as to which firms have been asked to pitch. For reasons we have enunciated, we are not prepared to divulge that. So this is entirely hypothetical. We have not made a selection of an agency yet. If, after a selection is made, you wish to make a political point, you may—

Senator ROBERT RAY—I was not asking you to disqualify firms with political association. But given that it is a major issue, if it was to be a firm on the short list, I think you then have a responsibility to say, ‘Now, hold on. Because we are so close to an election in which tax will be the major issue, we cannot give this contract to you so you can just transfer all the research straight over to Robert Menzies House’. That is the point. In some ways, when these operatives involve themselves in political campaigns, they do disqualify themselves just a smidgin from some government work—not on road safety or even on the guns buyback, but on such a sensitive issue as tax.

Senator Minchin—I note and treat seriously the political points you make. I am really not able to give you any further actual information, but I note and understand the point you are making.

Senator FAULKNER—Can I ask the OGIA representatives whether the officers have considered it appropriate at any stage to give advice to government on some of the issues of principle here? Those are: the fact that the timing of this advertising campaign is immediately before a federal election campaign; the fact that you have public funding to a massive extent—a proposed advertising campaign to the value of \$10 million—where you do not have a government decision and there is no firm or announced government policy in relation to tax, and certainly no legislation, and you are saying, I think, that there are no advertising guidelines that apply in this particular case. Finally, there is potential for all the preparatory work, the creative work and the research to be paid for by the public and then to be effectively taken over and used by a political party during the campaign. On three major issues of principle I would have thought that OGIA might have some serious concerns about that. My question to Mr Williams is whether OGIA has provided any advice on those very clear issues of principle—those three issues—to the government at this time.

Senator Minchin—With respect, it is not a matter for OGIA to provide what could be classified as political advice.

Senator FAULKNER—That is your opinion. And, of course, that would be your opinion. But I am asking OGIA whether any of those issues of principle have been the subject of any advice from OGIA to government. They may not have. Maybe they have not provided advice to you, but I would like to know if they have; that is all.

Senator Minchin—I am happy for Mr Williams to answer on that basis.

Senator FAULKNER—They are pretty important issues of principle. They may not be exercising your mind, minister, but I think they will exercise the minds of a lot of Australians.

Mr Williams—That question relates to the issue of policy advice to government, and that is not something that we canvass at estimates hearings.

Senator Minchin—In this process OGIA were asked to develop a list of research consultants whose views and experience were appropriate for the research. They have done so. The same goes for advertising.

Senator ROBERT RAY—We will move back to that in a moment. Does OGIA ever take into account—given the nature of campaigns—that certain government advertising campaigns will be suspended in an election period?

Mr Williams—My understanding is that the caretaker rules apply and government advertising generally ceases. I have not been in OGIA during an election campaign, but that is my understanding.

Senator FAULKNER—If the government falls over itself, as it is in this case, to get the advertising up and running and over and done with and \$10 million expended before the issue of the writs for the election—

Senator Minchin—I think the expenditure in the Keating government years was always greatest in the year leading up to a federal election. That may be entirely coincidental, but I do not see the point you are making.

Senator FAULKNER—Mr Williams will not tell us whether OGIA has advised government on these issues of principle. Do you think it is appropriate that you have such a massive advertising campaign—\$10 million worth of advertising—immediately prior to a federal election?

Senator Minchin—The government has made a decision that it wishes to reform the tax system.

Senator FAULKNER—What is the government's decision?

Senator Minchin—The Prime Minister has already told you that the government's proposal is to reform Australian taxation. I do not know what the contents of that are.

Senator FAULKNER—You know that they have made a decision, but you do not know what it is? Do you seriously expect that, with no firm decision or no firm policy and no legislation, it is proper to spend \$10 million of public money on a Liberal Party promotion campaign prior to an election?

Senator Minchin—It is quite proper for a government to decide that a particular area of government activity needs reform—which your government decided, but then got bullied out of—and to ensure, as a government, that the public is aware of, in this case, the existing tax system and what the government believes is wrong with it and why it should be changed.

Senator FAULKNER—What mechanisms are you going to put in place to ensure that none of the preparatory work for these advertising campaigns—the research, the stuff that is coming from the qualitative groups, for example, and the other material that is tried out—is used or abused by the Liberal Party in the campaign? What guarantees can you give us?

Senator Minchin—I do not know what guarantees you gave the Australian public when John Singleton and ANOP—

Senator FAULKNER—You are the minister. What guarantees are you going to give us?

Senator Minchin—Singleton and ANOP did an enormous amount of work.

Senator ROBERT RAY—Minister, that is absolute nonsense that they did most of our work.

Senator Minchin—Well, they did a lot of—

Senator ROBERT RAY—You asked all the questions on notice about ANOP. They came well down the list, and you know it. They did not even get a percentage of the work that their normal market share would determine.

Senator Minchin—That is why we are just giving tit for tat with the line of questioning you are taking. The fact is that John Singleton and ANOP did a fair amount of government work under the Hawke and Keating governments. They may well have been perfectly qualified to do it. But unless you are going to say that any agency that does any work for a political party is automatically debarred from doing any government work, then you are not going to be able to pursue these matters. The research is the property of the Treasury. The advertising will be done by an agency selected through this process to work to a brief provided to it by

the Treasury to advertise the government's position on these issues, as it does on a whole range of issues that do not necessarily relate to legislation. Measles does not necessarily relate to legislation. One's political opponents will always argue where the line should be drawn, as we did when you were in government.

Senator ROBERT RAY—We mentioned the Caretaker Convention before. I must be under a misapprehension. I thought the Caretaker Convention applied to some government advertising and not others.

Senator Minchin—It is all so-called campaigning.

Mr Williams—My understanding is that health issues will continue as they have done in the past. The only government advertising aside from that is Electoral Commission advertising.

Senator ROBERT RAY—I just wanted that clarified.

Mr Williams—It is not a blanketing, but it is close to it.

Senator Minchin—Obviously, if an election was called while this campaign was in place, it would not continue. That is my assumption.

Senator ROBERT RAY—Have you had any contact with the booking agency? We have talked about research. We have talked about advertising.

Senator Minchin—What agency?

Senator ROBERT RAY—One of the master booking agencies. We have a contract, do we not, with someone who books all government advertising?

Mr Williams—Yes, Senator.

Senator ROBERT RAY—Have we had contact with them on this issue?

Mr Williams—No, we have not, because we do not know who will be producing the campaign, nor the timing and nature of it.

Senator ROBERT RAY—So that has not been able to be done?

Mr Williams—No.

Senator ROBERT RAY—Given that, there would have been no bookings made for bulk mail or anything else?

Mr Williams—Not to my knowledge.

Senator ROBERT RAY—We are really waiting for the research to come in before the matter is further advanced. Will the decision be made on the advertising agency before the research is in? Is the research going to affect your choice of advertising? It may show strengths and weaknesses that you know are reflected in the advertising firms.

Senator Minchin—I think they are asking questions in quite remarkable detail about process that are not really appropriate or that we are not in a position to answer. The MCGC will, in due course, select an advertising agency to conduct Treasury's campaign. That will be the end of our involvement.

Senator ROBERT RAY—I think it is a fair to ask you, in terms of expenditure of government money and the role that your committee plays, whether you will be making that choice of advertising agency with or without the assistance of the research that has been commissioned.

Senator Minchin—I have had no briefing on or knowledge of that research.

Senator ROBERT RAY—Presumably it is not done yet.

Senator Minchin—That is right. I am not in a position to answer that question.

Senator ROBERT RAY—What is the research into? Even though you have only advised on it, you must know what the research is into.

Senator Minchin—You will have to ask Treasury that.

Mr Williams—You will have to ask Treasury. I have employed someone to do the research. I do not know what is in the package.

Senator Minchin—It is not appropriate for us to comment on another department's research.

Senator ROBERT RAY—What I am trying to establish, Minister, is whether the research is into the general taxation system and potential reform or—push that aside—whether, as has occurred in other cases, it is there to give you a guide as to how to spend your mix of \$10 million on radio, television, print and anything else, that is, what groups to aim for. These are based on focus groups. Is the aim of this research—

Senator Minchin—That is for Treasury. Treasury, with the advice of OGIA as a service, determines its campaign and seeks to have it approved by us. As I say, it is their property. If they choose to avail us of research or other information that they believe will assist us in our responsibilities, that is for them, not us. As I say, it is their campaign and their propositions or recommendations that they will put to us.

Senator ROBERT RAY—I think we are starting to establish that the research is not for advertising purposes.

Senator Minchin—I do not want to lead you one way or the other on that. It is Treasury's research.

Senator ROBERT RAY—The briefing, like the one we had with Brian Sweeney and Associates, is that Treasury—not the experts in advertising and whatever else—are running concepts through focus groups again and leading to that sort of shambles.

Senator Minchin—As I said, you would have to ask Treasury what they have asked of their research company and why they have commissioned the research—what they want to know and what they intend to do with it.

Senator ROBERT RAY—If they are researching things that are not relevant directly to the advertising but to their campaign, would it then be necessary for you to commission research or ask Treasury to commission research to test concepts for advertising reasons?

Senator Minchin—I can only speak in the hypothetical, not about a particular campaign. In any situation in which we are exercising our responsibilities as a ministerial committee and in choosing an advertising agency for a particular job, if there is additional information that we as members of that committee felt we required before being satisfied about making that choice, we would seek it and not make a decision until we had what we regarded as sufficient information to enable us to make a responsible decision.

Senator ROBERT RAY—So it is possible that the overall research bill on this will go well beyond \$200,000?

Senator Minchin—Again, that is entirely a matter for the Treasury and how it, within the parameter of the \$10 million information program, decides to break up that \$10 million. It is a matter for them and a matter for you to inquire of them.

CHAIR—Any further questions on program 3?

Senator ROBERT RAY—Do you want us to declare now so you can have a bonus 10 minutes?

Senator Minchin—No, I am happy to go for—

Senator ROBERT RAY—I do not think there is much point moving to MAPS right now, is there?

Senator Minchin—If you have finished with this and the next item is MAPS, I suggest—

Senator ROBERT RAY—Can we just reiterate—not that it will do any good—that we would prefer an early response to the questions that were put on notice. If not that, we would appreciate if the answers could come in question by question rather than waiting until the very last one is ready.

CHAIR—Before we break, to ensure that everyone understands what we are doing, I point out that that finishes program 3. When we return at 8 o'clock we will deal with program 7, MAPS, and program 12, the Australian Electoral Commission. We will finish those this evening. Program 11, Office of Asset Sales and IT outsourcing, we will do tomorrow after the PM&C programs 1 and 2, which will be scheduled for 9 o'clock tomorrow morning.

Proceedings suspended from 6.34 p.m. to 8.01 p.m.

Program 7—Ministerial and parliamentary services

Senator ROBERT RAY—The first question relates back to a newspaper article in the *Herald Sun* in Melbourne of Monday, 4 May 1998. It was a rather long article. I will not bore you with all the details, but the basic tenor of it was questioning whether it was fair to bill the *Herald Sun* \$31,180 to cover 1,559 hours of your decision making time. I would just like you to comment on the way these sums are calculated in terms of decision making time. First of all, are people aware of the article?

Mr Hamburger—Yes, we are. The decision making time is billed for both the time we spend actually making the decision and any time we spend consulting with third parties. That particular request involves quite extensive consultation with third parties.

Senator ROBERT RAY—Was the article correct when it said that you refused the initial request on the basis that it would have been an unreasonable diversion of the department's resources to process the request?

Mr Hamburger—Yes, Senator.

Senator ROBERT RAY—As a consequence of that, did you ask them for a deposit?

Mr Hamburger—Not at that stage, I do not believe.

Senator ROBERT RAY—Did the department suggest to the *Herald Sun* that they narrow their request?

Mr Hamburger—I believe we suggested it. Certainly they did. We had discussions with them. This is, I must say, before my time, but there were discussions with them and they did narrow their request.

Senator ROBERT RAY—I think it is absolutely appropriate that you engaged in discussions to that effect. My understanding from the article is that they have still balked at paying the amount on the narrowed request.

Mr Hamburger—That is correct.

Senator ROBERT RAY—The article indicated that they had up until 29 May to appeal to the Administrative Appeals Tribunal. Do you know if that has occurred?

Mr Gavin—That time period has been extended.

Senator ROBERT RAY—I see. So they can still appeal?

Mr Gavin—That is right.

Senator ROBERT RAY—One of the points made to me about this—you understand that I am not taking sides one way or the other in this; I am just trying to establish what the facts are—was that they were not charged anywhere near the same amount for a previous request, although I would assume that the previous request was for a much more narrow band of total rather than detailed opinion. Is that correct?

Mr Hamburger—Do you know which series—

Mr Gavin—It is certainly conceivable, but the methodology would have been the same. I am unfamiliar with the earlier request.

Senator ROBERT RAY—So the matter remains up in the air?

Mr Gavin—At this stage, yes.

Senator ROBERT RAY—The second issue I wanted to go to was a circular of 23 April signed off by Senator Minchin, use of private plated vehicles on leave. I have a few questions around this. I might declare a self-interest: I do not intend to be using my electorate vehicle on holiday again, in any event, because I hate long drives. My corporate memory of this, Minister, was that when this was extended to MPs and in the briefing session we had—I think it was in 1989—it was made explicitly clear that the cars could be used all year round, including during holiday periods. Could I ask why it has subsequently been interpreted in this manner.

Senator Minchin—I was rather disturbed and surprised to find—and to be properly advised, because I was—that the Remuneration Tribunal in a recent determination had made it explicitly clear, without submission, I gather, that the private plated vehicles were supplied to MPs on exactly the same basis as the Senior Executive Service. That carried with it the consequence that, when on leave, as with the SES, members were expected to pay for the running costs—the fuel—of the vehicle. It was not a ruling that they could not use them.

It had always been the case that there was an equality, or a rough equation, between the SES and MPs in relation to these vehicles, but it had never been made clear that that applied to this issue of leave and the use of the vehicle when ‘on leave’. As I say, without any submission from the government, the tribunal—I am not quite sure why—explicitly stated that that was the basis upon which the vehicles were supplied.

It was a determination, which the officers may have and can detail if required, that was brought to my attention. I was advised that it was frankly my responsibility, which I accepted, to draw to the attention of members and senators this determination. I was concerned, though, to be frank, because I felt that in practice it would be extremely difficult for members and senators to apply. We do not actually take holidays like public servants. Therefore, there was some negotiation with my advisers in the department as to the appropriate wording—how we advise MPs as to their compliance with this determination.

I still am, frankly, concerned about the extent to which and the way in which MPs will honestly be able to comply with it. I think that does present some difficulties. I have asked the department to see what it can do to seek some further clarification from the tribunal. We are in the position that they have made a determination and I have a responsibility to tell everybody about it and what it means. We have done that, but I do think that the tribunal may wish to consider the practicality of such a determination, given that we are not like anybody else in the community. We are not told that we can take two weeks leave. Ministers are

slightly different; we actually ask the Prime Minister if we can have leave. For MPs and senators, I think it is a different ball game. I think that there are some difficulties with this interpretation.

Senator ROBERT RAY—Actually, I am not going to be very helpful to you. Your answer has sparked the context in which MPs can use it on holidays. When it was originally granted we were asked to contribute \$6,000 a year to it whereas public servants are paying a maximum of \$700 a year.

Senator Minchin—That is right.

Senator ROBERT RAY—I now start to understand. When we moved to exactly the same determination as the SES—

Senator Minchin—That is right.

Senator ROBERT RAY—then the conditions are applied across. I understand that now and I can put it together. You mentioned who is on leave when. When ministers are on leave they always have to seek the Prime Minister's permission. I think parliamentary secretaries would be the same. The same applies to the shadow ministry. We put out a representational list. So, basically, what we are saying here is that about 80 people know when they are formally on leave and the other 144 do not know, although you would know if you were taking the car interstate. You would clearly know that you were on leave then. I just wonder about the interpretation, 'I am not actually attending the electorate office in the next two weeks; I am going to have a bit of a relax.'

Senator Minchin—Then again, an MP could drive interstate rather than fly on parliamentary business.

Senator ROBERT RAY—On business, yes, absolutely.

Senator Minchin—There should be no presumption that because a minister is interstate that means he or she is on leave.

Senator ROBERT RAY—No. But, in your own mind, if you are driving up to a golf resort you know that you are on leave.

Senator Minchin—Sure. That is what I have said to MPs who have asked me about it. A lot have said, 'What the hell is this? What are you doing to us?' I say, 'You know whether you are on holiday or not. If you are taking a vacation, you have stopped work and you know. This is effectively an honour system. It is for you to determine whether you are on leave or not. You know in your own mind whether you are on leave. In those cases, then you are expected to pay for the petrol.' I appreciate the difficulty that it raises for a lot of MPs.

Senator ROBERT RAY—I agree that it is no big deal. I just wanted to make sure what the source of it was, and I accept all that.

Senator Minchin—Many of my coalition colleagues have expressed to me—

Senator ROBERT RAY—I just think that it is a bit unfair to those who formally take leave as opposed to those who do not. I can imagine all of those who are like me: we fill up half an hour before we take leave and it would probably be not quite empty by the time we leave. There is one other aspect of it: Christmas Day.

Mr Winder—I might want to buy petrol on Christmas Day—

Senator ROBERT RAY—No, Christmas Day, 25 December. You must look further, Mr Winder. I think you will get a few.

Mr Winder—The current policy needs to be checked.

Senator ROBERT RAY—My understanding is that, since a lot of workplace agreements are being formulated in packages by departments—I could be wrong on this, but I certainly think they were in one of my old departments—they are actually in negotiations with the SES officers to allow them to precisely use their car when on leave. How do we draw that distinction if about half the department has moved to those salary packages and half has not? Who do we take the leave from?

Senator Minchin—There is no restriction at all on the use of cars; it is a question of who pays for the petrol. I do not know whether those agreements you are talking about provide for that matter.

Senator ROBERT RAY—I think so, but I am not sure.

Senator Minchin—Then again it is raising a problem in relation to this determination. Do you have a comment on that?

Mr Winder—I understand that some of these things are being considered. I do not know whether any are in place yet. If there are, then I guess it is in the same context that, if the tribunal considered the previous determination, it may well wish to consider another.

Senator ROBERT RAY—You do not need to take that any further. My next question goes to an FOI request. Mr Skrzypek can close his ears because I actually FOI-ed his report—an admirable one, I understand, as it is. We raised this in the context of the other one. I am not really challenging it, but if I want to I have to put up the \$40. I understand that and I might do that. But the refusal of a report because it is now no longer operative seemed to me a rather strange explanation for the non-release of a report. I think the argument was that events had moved on and it is no longer relevant. All I am interested in is to see how relevant it was at the time.

Mr Hamburger—That was not quite the argument.

Senator ROBERT RAY—Good. You might be able to give it to us.

Mr Hamburger—In a nutshell, it was that it was a type of report that would disclose our policy advising and decision making processes at a high level. So, even though the events had moved on, it went to the way we provide policy advice.

Senator ROBERT RAY—All right, I will pay my \$40. No doubt you will give me a waiver on that. Could I raise another one of Mr Winder's circulars dated 1 June 1998 which informs us about the release staff budget, which is nice, I must say. It is good to get a letter to say, 'Be careful. You are on the border if you hire anyone else. Do not go over.' There is some implication in this in that, in fact, you could hire someone in this year's budget and take it out of next year's, which I do not think is a very good idea. Am I reading that implication wrongly?

Mr Winder—There is an implication that you could do that. That is not the intention. The intention is for those people who have circumstances that are extraneous and important who have come to a situation where they are boosting these budgets to be able to come to the minister and seek his agreement to do something about it. That might mean borrowing forward from next year.

Senator ROBERT RAY—With an upcoming election, I do not think that is a very good idea. With due respect to everybody, perhaps they could give that a bit of thought. I think there is a difference between running your travel budget, accidentally going over and taking that out of next year's, rather than doing a deliberate act. I am sure several of us—hopefully not me—may run \$100 or so over this year because of failing to calculate cab charges or

something else. You know how hard it is to target. You also know how hard it is for your assistants to keep you fully apprised. It is fifty-fifty here. That is inadvertence and you should do it, but I am not sure that that is a terribly good idea, given that an election is coming up. A lot of pressure will be put on you. Anyway, you might consider that.

Mr Winder—Thank you.

Senator FAULKNER—I asked a question on notice to Senator Minchin relating to the provision of the lists. This was dated 5 May 1998. I said:

Can a list be provided of all employees, whether full-time, part-time or casual, of ministers/members/senators who have received assistance for their studies over the period 1 January 1994 to the present, together with the aggregate total of that assistance . . .

I added that individual amounts were not required. That was appropriate because of the quantum. I am aware obviously of the 30-day rule and I am aware of today's date, but I am also aware of the fact that—I will not go into it again—some of the answers to questions on notice from the department at estimates committees, not to mention questions that have otherwise been placed on notice, have been a bit slow at times. I wondered how you were going in terms of an answer to that question that I placed on notice on 5 May.

Senator Minchin—If you have not received that, I will make sure you receive it in the next few hours. It has been prepared.

Senator FAULKNER—I just wanted to jump in here and encourage a reasonably early response if that was possible.

Senator Minchin—I will make sure you get it by the morning.

Senator FAULKNER—If it is to be made available by tomorrow morning, would it be able to be made available this evening?

Senator Minchin—I appear not to have signed off on it yet. I like to read things before I sign them.

Senator FAULKNER—That is most commendable.

Senator Minchin—I must do that as soon as I can.

Senator ROBERT RAY—I have two or three questions on parliamentary type offices; I might as well flick over them now because I will be quick. Have we had any success in the office move for Senator Synon?

Mr Skrzypek—I will take that on notice.

Senator ROBERT RAY—We have had evidence that there were health and safety issues relating to the office and there was a potential move.

Mr Gavin—I gave that evidence that she was in an office that was smaller than her entitlement. She had inherited it, I think, from Senator Short. It was an occupational health and safety issue and we were looking for other premises for her.

Senator ROBERT RAY—But you do not know whether that has been done yet?

Mr Gavin—I am sorry, I do not know.

Senator ROBERT RAY—You might delay that decision. I understand that she might have her eyes on Senator Patterson's office when she vacates it.

Senator FAULKNER—Do you know the outcome of the preselection ballot?

Senator ROBERT RAY—Not yet, no. I read in the paper that there was a break-in at Dr Wooldridge's office. Then I read that apparently he had two offices and both were broken into. One does not raise my alarm bells, but two do. Does Dr Wooldridge have two offices?

Mr Gavin—Yes, he has two offices. One is his ministerial office and the other is his electorate office.

Senator ROBERT RAY—Where are they located?

Mr Gavin—I do not know the exact addresses, but they are both in Chisholm—Box Hill.

Senator ROBERT RAY—I think one is in Box Hill. Where is the other one?

Mr Winder—I am sorry, we do not know. We would have to get that for you.

Senator ROBERT RAY—I just think it is unusual—I do not think it is unusual to have a combined electorate/ministerial office—to have two.

Senator Minchin—It is not unusual to have one in the CPO and one—

Senator ROBERT RAY—No, it is not. It is unusual to have a ministerial office in your electorate and another one. He is not asking to move one out to Casey at the moment, is he?

Senator Minchin—Don't ask me.

Senator ROBERT RAY—I would not quite approve that yet, but I think he can start getting the painters ready. Coming back to the more serious aspect—

Senator Minchin—I will take on notice the location of his ministerial office.

Senator ROBERT RAY—I just thought you might know. It is really relative to the break-ins. Was there a lack of security at these two offices? It is hard to argue that it is vandals breaking into an office when both offices, which I understand are probably several kilometres apart, are broken into. The next lot of suspects are the Labor Party, and I can assure you that it was not us.

Senator Minchin—Maybe people think the Minister for Health and Family Services has drugs on the premises; I do not know.

Senator ROBERT RAY—Thank you for that. The addresses are 6 Atherton Road, Oakleigh—well known to me—and Station Street, Box Hill. That is basically eight kilometres apart and a long drive. It is a 15- or 18-minute drive up Huntingdale Road to Station Street. Have there been investigations into these break-ins?

Mr Skrzypek—The police were informed straightaway and the matter was referred to them. Security arrangements for the offices were being looked into.

Senator ROBERT RAY—So you have looked into the security aspects?

Mr Skrzypek—We have not personally, but the police were called and the protective services people were involved.

Senator ROBERT RAY—Without wanting to make offices less secure, was there a pattern of break-in at both offices?

Mr Skrzypek—I would have to take that on notice, Senator. From memory, I think one break-in was through a back door, but I really would have to check the details.

Senator ROBERT RAY—It is just a little disturbing when both were broken into. We have had quite a few office break-ins over the years, but this has more of a pattern to it. Do you know how many joint ministerial-electorate offices there are around Australia?

Mr Skrzypek—Again, I could provide that for you first thing in the morning. I do not have that detail here.

Senator ROBERT RAY—Put that on notice, but I really have to ask the other questions. With his corporate knowledge, Mr Gavin might know better than I or anyone else in the room. When you have a joint ministerial-electorate office, how do you do the break-out of the charging regime? I would have thought for their ministerial office a lot of the charging regime would go back to the home department.

Mr Gavin—That is correct, Senator. In principle, we bear those items we would normally pay for for a senator or member's electorate office, and those items that are additional by virtue of the senator or member being a minister are borne by the portfolio department. But there are some exceptions to that, for administrative reasons. One, as I recall, is the telephone system.

Senator ROBERT RAY—Who picks up the freight for the telephone?

Mr Gavin—As I recall it, it is the minister's home department.

Senator ROBERT RAY—And you split the rent, do you?

Mr Gavin—No.

Senator ROBERT RAY—You pick up the entire rent?

Mr Gavin—As I recall.

Senator ROBERT RAY—I guess if they are picking up the phone—

Mr Gavin—There have been a few trade-offs for just easy administrative reasons.

Senator ROBERT RAY—Yes, and so there should be. What is your experience with having franking machines in the offices? Are there two distinct franking machines?

Mr Gavin—Two distinct franking machines, yes.

Senator ROBERT RAY—So you would provide one franking machine for electoral purposes and the home department would—

Mr Gavin—We would bear the cost of that one, and the other franking machine is provided by the minister's portfolio department, and the running of that is borne by the minister's department.

Senator ROBERT RAY—You are absolutely certain that none of these joint offices have just one franking machine?

Mr Gavin—No, I am not, but that is absolutely the way we would envisage it happening.

Senator ROBERT RAY—Your stated policy.

Mr Gavin—As you know, there are two quite different entitlements in relation to postage. In the case of the ministers, it has not got a cap on it.

Senator ROBERT RAY—That is right. So, if there is only one franking machine and both your department and the home department are putting it on the one machine, it is going to make it very hard to distinguish the use, is it not?

Mr Gavin—Yes, Senator.

Senator ROBERT RAY—Do you ever audit franking machines?

Mr Gavin—These days we do not need to under our arrangements because, as you know, senators and members take out their own accounts with Australia Post.

Senator ROBERT RAY—I understand that, but in the case of joint ministerial-electorate offices, if there were only one franking machine that would not present any problems to you?

Mr Gavin—I think there is a problem if there is only one franking machine, yes.

Senator ROBERT RAY—What I am basically saying is that only an audit would turn that up. I know of one that has got a gigantic amount of money on it, and that is a concern to me, but I assume the money has been put there by the home department. If it is used for ministerial purposes, then I have no problems, but if it is used for electoral purposes I have a problem. I will see where I take that maybe another time. I have raised the question of staff for Independent members of parliament before. Have Mr Bradford, Mr Zammit or Mr Smith been allocated an extra staff member?

Mr Gavin—Mr Zammit and Mr Bradford have. There has been no allocation to Mr Smith at this stage, I understand.

Senator ROBERT RAY—This is a longstanding policy?

Mr Gavin—This is a longstanding policy, yes.

Senator ROBERT RAY—Minister, are you ever going to consider reviewing this policy? Whilst there is a very, very sound reason for giving Independents such as Senator Harradine an extra staff member to deal with the totality of legislative programming, some people on both sides of politics would see it as a reward for treachery and ratting to give someone an assistant adviser, encouraging them in such a way. You might like us all to leave the Labor Party, but you would not want to give us the 28 staff. I am trying to have a dialogue with you as to whether it may be time at some stage to rethink this as a philosophy in a bipartisan way.

Senator Minchin—Without reflecting upon any of my former colleagues, I was a little surprised when I came into the position to see that this was an automatic entitlement, but it currently is and I do not think it will be changed in this term of government, given that some have it. It is difficult halfway through to say, ‘Sorry, you can’t.’ So the policy was applied in the case of Mr Bradford, and if Mr Smith makes application then presumably that would be made available. I certainly think, I guess like you, that might be something we want to revisit if we are re-elected.

Senator ROBERT RAY—But it is one of those issues you never revisit because you are then into the next term. It may be one of those decisions you make in the caretaker period in consultation with your opposite number. Then no-one knows who is going to be in government and the decision is made. Then it is by agreement and it is fair rules for everyone from then on.

Senator Minchin—I appreciate the suggestion.

Senator FAULKNER—Thank you for the answers to the questions taken on notice in relation to the government members task force on taxation. I asked a question about possible difference of views between DoFA and the Department of the Treasury about who would foot the bill for this and you have given me the answer that the Department of the Treasury and the Australian Taxation Office each received supplementation to their running costs of \$2.5 million for tax reform. This included a notional \$150,000 each for the administration of the government members task force on taxation. So that is \$300,000 for the administration of the government members task force on taxation. I assume the administration is provided through the auspices of the Department of the Treasury. I do not know if anyone can assist me with that. That is an assumption I make from the answer you have given me.

Mr Early—I am not absolutely certain, but I do think that is correct.

Senator FAULKNER—Senator Gibson would probably be able to assist us with that. I have got to say that \$300,000 is not bad going for no recommendations. But we have got information, which I appreciated—it may have been Senator Gibson but it may have been Senator Minchin—that the members of the task force were not claiming travel allowance at the last meeting.

CHAIR—I did, Senator.

Senator FAULKNER—You did?

Senator ROBERT RAY—Let the record so show.

Senator FAULKNER—Let the record show that he did assist the committee. That was helpful. I think what I want to know is a matter for MAPS. I am assuming that that supplementation of \$300,000, or that amount nominated for the administration of the government members task force on taxation, does include travel costs for members of the government members task force on taxation. That is my assumption, but I think that is a reasonable question. Could you clarify that for me, please?

Mr Winder—I do not think we know.

Senator FAULKNER—You would know if you were footing the bill, would you not?

Mr Winder—That is why I do not know. I do not think I know. I do not recall paying anything for this.

Mr Early—Again, I will say what I think the matter is and, if I have got it wrong, I will correct it subsequently. My understanding is that the supplementation essentially is for the provision of running costs, which can obviously then be used for travel expenses. My understanding is that that is provided and funded through the Treasury and tax office. But I am relying on memory of something that occurred some considerable time ago.

Senator FAULKNER—I appreciate that the administration costs might well be significant. They obviously are if up to \$300,000 has been provided for the administration of the government members task force on taxation. Specifically, I would have thought that MAPS would be aware whether the travel of government members and senators in relation to the activities of the task force was being provided by MAPS. Am I wrong in coming to this conclusion? Why would you not know that?

Mr Gavin—It is only very recently that on the form we have invited senators and members to give any statement in relation to their travel.

Senator FAULKNER—I appreciate that there have been changes to the form and they have been recent. I understand that.

Mr Gavin—Prior to that, if you booked your travel we would not have known.

Senator FAULKNER—If Senator Gibson were able to make a comment, he would probably be able to advise you that the work of this task force has been just over a recent period. There are no hooks in this. I am making this assumption because of the nature of the response I received in answer to my question on notice. If it were slightly more forthcoming, I would not have to go through the pain of extracting more blood out of the stone. It does not answer the question that was asked.

Mr Early—With the caveats I have used previously, my understanding is that this \$300,000 is to cover the costs of the task force. My understanding is that that could include travel costs. This is money in the Department of the Treasury, not in the Department of Finance and Administration. I do not know the answer to that.

Senator FAULKNER—If you could provide me with a reasonably early response as to whether that includes the travel costs of government members and senators in relation to task force business I would appreciate that. That is all I am asking.

Mr Early—That is fine.

Senator FAULKNER—I think Senator Gibson said himself that this was not an issue when I asked about travel allowances at the last round of estimates. If you could provide me with that answer, I would appreciate it. That was the intention of the question that I placed on notice. I appreciate the answer I got, but it was not quite as forthcoming as I thought it might have been.

I turn to the stationery entitlements provided under the Parliamentary Entitlements Act. Postage entitlement is provided under Determination 1 of 1998 of the Remuneration Tribunal. I think it is fair to say—I do not know whether you agree with me; I would be interested to hear your comment—that these entitlements are not particularly explicit about what stationery printed at government expense might be used for. I think it is more explicit in relation to the determination about postage. That is probably a fair comment. It is a point that you have made in correspondence to some members and senators in recent times.

I am interested in understanding whether you make a judgment yourself, Minister, or whether you do so on departmental advice about whether it is worth following up with a member or senator their use of stationery or postage entitlements to the point of a ministerial ‘please explain’, if you like. I assume the first stage is that somebody draws this to your attention?

Senator Minchin—As you know, these entitlements are for parliamentary or electorate business and are not to be used for any other purpose. If we receive a complaint that a citizen believes that a member or senator has used an entitlement for an improper purpose, a procedure is followed for the investigation of that complaint which, in the case of stationery, would initially involve a ‘please explain’ from me to the relevant member or senator. Sometimes members of the public may take the matter directly to the Federal Police themselves and bypass the government, the department or me entirely.

Senator FAULKNER—I am speaking only of the case where you, as the responsible minister, might be moved to write to a member or senator for what I have described as a ‘please explain’. You may be advised to do so. I appreciate that in other cases it might be a matter for the Federal Police. It is not that sort of issue I am canvassing; it is more when you have taken some direct ministerial action yourself.

Senator Minchin—As I said, I seek advice from my department when complaints are brought to my attention. The department would normally advise, unless it is absolutely clear based on the evidence before us that there has been no breach of the entitlement whatsoever and that the allegation is completely frivolous and vexatious. If there is any doubt, we would ask the senator or member to explain the matter, respond to the allegation and take it from there. I would seek advice and a view on the response. In terms of principle, a decision has to be made as to whether you think the response is adequate and brings the person within entitlement. If not, further action will be taken. That will vary on a case-by-case basis.

Senator FAULKNER—The process is that you would write a ‘please explain’ letter. I do not know whether that is reasonable terminology to use. It is pretty self-explanatory. Would you write a ‘please explain’ letter only on the basis of departmental advice; would that be right?

Senator Minchin—Yes.

Senator FAULKNER—How many of those ‘please explain’ letters would be forthcoming from you? I do not want to know who has received them and whether they are in government or opposition. I would like to get a bit of an idea about how often you have to stick your moniker on a letter.

Senator Minchin—I have been the responsible minister since last October and I have not had to sign many at all—maybe half a dozen. I would have thought around half a dozen. As you know, as an election approaches, people on both sides of politics start to complain about the other side when they receive things. If there are electorate mailings by a member or senator, invariably you find that someone, presumably from the opposite party, will say, ‘We think this is in breach of their entitlement.’ But I must say it has been fewer than I would have thought.

Senator FAULKNER—Do you make a judgment in relation to the response you get from a member or senator, or do you ask for some professional objective advice from your department?

Senator Minchin—I would always—and have done so when it has arisen in my time—sought the professional advice of the department as to its view of the response and its advice on what, if any, further action I should take.

Senator FAULKNER—Just so that we have a bit of an idea, how many of the half dozen would you describe as being satisfactorily explained by the member or senator who received a letter from you?

Senator Minchin—I would really have to take on notice both the number and the—

Senator FAULKNER—Are they generally satisfactory explanations?

Senator Minchin—Some are still awaiting reply because they have been relatively recent. One in particular was, at the same time, brought to the attention of the Federal Police, and they had a concurrent investigation, which I do not think is quite signed off on.

Senator FAULKNER—What do you do in that circumstance?

Senator Minchin—I might also go through my process but, at the end of the day, it would involve the—

Senator FAULKNER—It would be a matter that would not be finalised until the Federal Police—

Senator Minchin—If the Federal Police decide—because they have been approached independently—to pursue the matter, they will be in contact with the department, anyway, to be briefed on what the entitlements are, and to get all relevant information from the department as to the use of the entitlement, in order to enable them to complete their investigation. So in a sense whatever I do is a bit subsumed, but I would go through whatever processes are proper, based on advice from the department consistent with what the police may be doing.

Senator FAULKNER—Thank you.

Senator ROBERT RAY—I take it, minister, that the six-monthly tabling statement on parliamentary travel costs—

Senator Minchin—It was done in parliament last Thursday.

Senator ROBERT RAY—Could I have a rough idea of just how difficult it was getting this document together, given that not all systems are yet updated to feed into it?

Senator Minchin—Was that a statement or a question?

Senator ROBERT RAY—I was just asking what difficulties the department had in assembling this document in an accurate way given that not all departmental systems are geared to feed into it.

Senator Minchin—I will let Oliver expand on that. The first one was extremely difficult. The Department of the House of Representatives had not handed over responsibility until February or March. That complicated the exercise. And because we had the transition from direct booking to Jetset halfway in between, there were complications. I applaud the enormous work done by the department in putting this thing together and the cooperation of senators and members, some of whom on both sides were, frankly, not all that thrilled with having to cooperate on this and were saying, ‘It is not my job, it is somebody else’s.’ So from all ends of the spectrum it was not easy. I am glad that we have got the first one out of the way. I think that, from now on, members and senators will focus much more closely on the monthly reports that they receive and identify any inconsistencies or inaccuracies in those. This will mean that, when we come to the next six-monthly report, it will be a hell of a lot easier.

Mr Winder—I will ask Peter Hamburger to speak to the detail, if he would not mind.

Mr Hamburger—I think the main issue is the divided responsibility for part of the period and the change in arrangements for air bookings. I suppose that the other major problem was simply the scale of the task. It is a very large volume of paper. We had this very large volume of paper which, naturally, had to be checked by members. It was a large paper-moving exercise.

Senator ROBERT RAY—One of the difficulties for any outsider reading the figures still is that you cannot compare anyone with anyone, even though they do so. Someone will stop their claims at 1 November, so two months are missing. I do not know how you can get around that. It is even open to manipulation at the moment. If someone was embarrassed by the overall level of their travel allowance claims at the moment, all they would need to do is stop claiming for two months, whack them in afterwards, and no-one ever catches up with the difference. I still think that is a problem. It is only a problem of perception of those who analyse and then write cheap-shot articles about them.

Senator Minchin—The only way to overcome that is to allow less than 60 days and make them claim in a shorter time frame, if you think there is such a problem.

Senator ROBERT RAY—Let us just take the previous time—that all claims have to be in by 28 February or 2 March, and then you publish them. In May you would pick them all up. I only make the suggestion that you do not keep your time lines too tight. I do not think it is incumbent on you to publish the figures within a month of the previous six-month period. It is better to take your time and get them all right.

Senator Minchin—That is what we did in this case. It was later than I wanted, but we wanted to get it right, particularly given the first one. There is obviously public pressure to publish it as soon as possible after the six-month period, but I have taken on board what you say.

Senator ROBERT RAY—One of the great historical difficulties that MAPS had, which you have taken great steps to try to overcome—and we have discussed it before—is the dual function of administering entitlements and providing policy advice to the minister. You have gone through a departmental reorganisation on this in MAPS and you have had a settling-down period. Could I have a report on how that is now working?

Mr Winder—I think it is working well. The client desk officer unit, which is providing advice and receiving calls, takes a lot of calls. It averages about 900 calls a month, and it records the calls and the answers. So we have a means of following up on that. Because we have been able to do that, we have other areas of the group who are more able to spend time on providing policy advice to the minister. That has enabled us to do that. So there has been a bit of a separation of the actual administration of the entitlements—personnel and travel—from the production of some policy advice on that. In the longer term I would hope that that would be something that would be amalgamated much more, but it has enabled us at this time to clear things up a bit and to increase our speed of response.

Senator ROBERT RAY—Have you had to devote more resources to the MAPS area following a few episodes of recent unpleasantness?

Mr Winder—The resources have increased this year by about 20 per cent over what was budgeted for at the beginning of the year.

Senator ROBERT RAY—I suspect that that will be more than adequately funded by the overall reduction in claims, by the look of it. I am just running my eye over the figures. While we are on the general area, how successful do you think the new travel and travel allowance claim form is?

Mr Gouldson—I think that, overall, it has been very successful. We have received some very good feedback from senators and members about some suggestions to change some components of the form, particularly in regard to Canberra. We have taken those on board. We are currently looking at producing a revised form with some minor amendments.

Senator ROBERT RAY—Are you going to put a return address on it this time?

Mr Gouldson—Including a return address, yes.

Senator ROBERT RAY—The Canberra end is a bit confusing when you read it across.

Mr Gouldson—It is.

Senator ROBERT RAY—So a redesign would be useful. I am glad that you are taking some appropriate action on that. Minister, have you sent out a missive in the last few months about the use of Cabcharge cards, reminding members of their specific use? I did raise at a previous estimates committee whether there was any concern about the misuse of Cabcharge.

Mr Winder—I do not think so. I do not think we have sent anything more out about the use of Cabcharge.

Senator ROBERT RAY—Have there been many repayments in this particular area?

Mr Gouldson—There may have been a letter that went out relatively recently. It was about some outstanding Cabcharge. That is the only thing that I can recall. I cannot recall the exact details of it, but that is the only thing I am aware of.

Senator ROBERT RAY—It is not our job to make suggestions from the floor, but if there is a new parliament with new members—I think that any problems we had with the current Cabcharge have usually involved newer members not quite realising—you might like to send them all a note saying that it is only for the equivalent use of Comcar. I do not want to go into detail.

Senator Minchin—There is one state where it was put to us that members on both sides of the parliament asserted that they were not fully aware of the restrictions.

Senator ROBERT RAY—This is not an Australian Rules state, is it?

Senator Minchin—There have been some discussions with the members concerned. I found it a little surprising, because I remember my induction ceremony, where it was made abundantly clear what the entitlement was in the state. But nevertheless, we have dealt with that. And where repayment is required, we accept the bona fides of those involved that they had misunderstood. There have been some repayments based on that misunderstanding of the entitlement. I think it is very important that, in the new parliament, that induction ceremony make it abundantly clear what the entitlement is.

Senator ROBERT RAY—For once I agree. It was a misunderstanding in this case. Now that you have taken over travel allowance, how do you interpret the provision under travel allowance that allows the claiming of \$10 a night for a spouse accompanying an entitled person?

Senator Minchin—What do you mean, how do you interpret it?

Senator ROBERT RAY—I always interpret it, I must say, that if your spouse was coming to Canberra or elsewhere on an official function you can claim the \$10, but if she was just up here for the week, you did not. But I do not know what the interpretation is.

Senator Minchin—Have you been claiming, Senator?

Senator ROBERT RAY—I am not sure senators are entitled to it. This is office holders' business here.

Mr Gavin—The provision is that if the spouse accompanies a minister or an office holder they may be paid the \$10. Your question is whether or not, if they come to Canberra for other than official business, should it be paid? Is that right? It is just that, if I could go on and say, the Parliamentary Entitlements Act provides that the spouse may travel anywhere in Australia accompanying the minister or office holder on official business. So I think the answer to your question is: if they get here at Commonwealth expense, they are eligible to receive the \$10.

Senator ROBERT RAY—It is just the enormous discrepancy in claims, reading through that. In terms of Queensland ministers, I think that it is worked out at nought, three nights, three nights and \$177. I just could not quite measure that across. Again, I do not think that it has ever been explained. I think most people claimed it when they were at an official function rather than just with you. You cannot help me any further. You gave me the definition.

Mr Gavin—I also referred you to the Parliamentary Entitlements Act, which is how you get here. The travel has to be on official business.

Senator ROBERT RAY—It is just that if you are here for five nights in a row—

Mr Gavin—How many do you claim for?

Senator ROBERT RAY—Some claim for all five.

Mr Gavin—That is what I am saying. That is the question.

Senator ROBERT RAY—Obviously, some claim for none, no matter what the circumstances are. Minister, we have asked questions before about the formula for opposition staffing. I do not propose to take those ratios; most of the issues are settled. There is still one remaining issue and that is having the ratio of the actual costs rather than the numbers. I think the position was on 3 March 1996 that opposition staff were drawing an equivalent 20.6 per cent—equivalent salary costs—to government staffers, which is a fraction below 21 per cent, I acknowledge. I think an answer we got recently suggested that the ratio was now only 17.04

per cent, which suggests a top-ended loading for ministerial staff and a more bottom-ended loading for shadow ministerial staff. Is my interpretation right there?

Senator Minchin—I understood that the ratio had always been based on staff numbers, that it was 21 per cent under the previous government and we have endeavoured to maintain it. It is currently 20.8 per cent.

Senator ROBERT RAY—The ratio of staffers?

Senator Minchin—No, my understanding is that it has always been staff numbers. I think you assert that it should be cost, but my understanding is that it has always been numbers.

Senator ROBERT RAY—I asserted that in 1983 the general agreement was both numbers and cost, but I think the only thing that survived through the mist of time is numbers. It is a slightly disadvantaged reversal in terms of what the figures were in March 1996 to what they are today. That suggests that there is some extra advantage to the government as opposed to the opposition. I am sure that it is a trend that you have had nothing to do with, Minister, but it is still a slight concern to us.

Mr Gavin—Might I just say, Senator, that the profile that existed for the opposition prior to the last election is exactly mirrored in the profile that now applies to the opposition, even though you are working from a smaller number—a total number. That would suggest that the money amount should have a similar relationship, in fact.

Senator ROBERT RAY—Rather than debate it here, can I ask you to go back and check, because I may have misinterpreted it. I may be wrong about the 20.6 per cent or you may have been wrong in the answer that you gave me about 17.04 per cent. So let us go back and have a look at it. I do not know if it is possible to calculate what it was in 1996; it may be in your file somewhere.

Mr Gavin—We can recalculate that quite easily.

Senator ROBERT RAY—You might just check with that because I may not be comparing apples with apples. I simply do not know.

Senator Minchin—There was, I seem to recall, a short period that the government increased its staff and for a short period that reduced the opposition ratio to 17, which was corrected. As I say, you have recently received, I think, five additional staff from 1 March.

Senator ROBERT RAY—Yes. There was a five-month lag, but we caught up.

Senator Minchin—I did not think that it was quite that long.

Senator ROBERT RAY—November, December, January, February, March.

Senator Minchin—In any event, the government decided to retain the review period, which was set at 1 March each year, rather than review it every time there was any variation. You may disagree with that.

Senator ROBERT RAY—Yes, I do.

Senator Minchin—It was a government decision that the review be done annually, and when it was done on 1 March—

Senator ROBERT RAY—A very self-indulgent, selfish decision—not if the ratio changes by one but when you jump your staff from 294 to 315, it is a bit rough, especially having cut us back by 22, increased your DLOs to 67, and hidden consultants everywhere around the joint. We get a bit touchy but, anyway, it is a long road that does not turn.

Senator Minchin—I can assure you that the matter was considered.

Senator ROBERT RAY—I think that you have handled it far more effectively than others, anyway. At least if we are going to get shafted, you do it sympathetically. One thing that showed up in the tabled figures that you tabled last Thursday—with footnotes that, with a microscope, I could read—is that there seemed to be an attribution of Comcar or equivalent costs back to the home department, which was a matter that we discussed before. At that stage, no-one had taken up the possibility of having their transport costs attributed back to their home department. It seems to me by the footnoting that four, five or six had done so—I cannot recall their names now, but I could probably pull them out of the memory bank. What is happening with this?

Mr Gavin—The Comcar costs of ministers have always been paid, in fact, by the home department.

Senator ROBERT RAY—Yes. I am not making myself clear.

Senator Minchin—Is the question about ministers having a dedicated driver supplied by the department?

Senator ROBERT RAY—Yes.

Senator Minchin—I am not sure. Has anyone taken that up? Has any minister taken that option?

Mr Gavin—No, no minister has taken that option on at all.

Senator ROBERT RAY—So you do not know? Those footnotes attributed things to home departments, but it was not universal across ministers?

Senator Minchin—You might want to go on and we will get an answer to you.

Senator ROBERT RAY—Sure. Have we got an answer?

Mr Holt—I think what you are asking relates to the inclusion of the car costs picked up by the home departments for ministers—the annotation down the bottom. The reason for that was that this particular department picks up the shadow ministers' Canberra cars, but does not pick up the cost of the Canberra cars for ministers. Unless we included that, we would have a distortion in the car costs in that we would be showing the full car costs for shadows but only half the car costs—

Senator ROBERT RAY—I did not understand one aspect of what you have just said, but let me start again.

Mr Gavin—I think I could help a little. The car transport entitlements for ministers are made up of Comcar and those ministers who elect self-drive vehicles on long-term hire in Canberra. Both are paid for by their home departments. In the case of cars on long-term hire, not all ministers take it up, therefore this footnote to which you have referred appears to be to the car on long-term hire that is paid for by the home department, but it is by no means universal.

Senator ROBERT RAY—These are quite high figures. Was it not \$26,000 in one case? That does not seem right.

Mr Holt—All the figures were advised by the individual home departments. They were written to and they formally responded. Those figures were included.

Senator ROBERT RAY—I will go back and have a look at them. Usually the charge is about \$12,000 a year or less. I thought I saw one at \$26,000.

Mr Hamburger—That figure includes those home department costs, Senator. It is not necessarily all the home department costs; that might be an exit cost we paid and ones that the home department paid.

Senator ROBERT RAY—I think I will quit while I am behind here. You have definitely baffled me with it. I will ask a few questions about the workplace bargaining process for MAPS staff. Is there a view of management that unions should not be involved in formal negotiations?

Mr Hamburger—No, Senator.

Senator ROBERT RAY—What about the formal negotiations with staff? How is that proposed to be undertaken?

Mr Hamburger—What we are proposing at the moment is to consult and consider whether it would be desirable to put an offer to staff. At this stage, we are not proposing negotiations.

Senator ROBERT RAY—You have employed a consultant?

Mr Hamburger—Yes.

Senator ROBERT RAY—That is Millers from Melbourne?

Mr Hamburger—That is correct.

Senator ROBERT RAY—What is the cost of that consultancy?

Mr Hamburger—That will depend on how many days we use.

Senator ROBERT RAY—It is a per diem arrangement?

Mr Hamburger—It is a per diem, yes.

Senator ROBERT RAY—What is it per diem? Do you know?

Mr Hamburger—Can I take that on notice, Senator? There are a number of aspects to it.

Senator ROBERT RAY—Was that consultant selected from a short list?

Mr Hamburger—Yes, Senator.

Senator ROBERT RAY—Where did you get the short list from?

Mr Hamburger—We started with the CTC panel for the relevant types of skills—management consulting with an IR flavour.

Senator ROBERT RAY—So you cannot tell us how long the person will be employed, because it is a ‘how long is a piece of string sort of job’, is it?

Mr Hamburger—Pretty much, yes.

Senator ROBERT RAY—What exactly is the role of that consultant?

Mr Hamburger—Its role is to facilitate the consultations between management and staff and to help the department develop its offer.

Senator ROBERT RAY—In your circulated consultation strategy, you refer to a cross-party employer committee. What is that?

Mr Hamburger—The minister recently wrote to party leaders proposing that there be a four-member committee, which would comprise him, a member from the opposition, a member from the Democrats, and a member from the Independents.

Senator ROBERT RAY—What is the purpose of that? Perhaps the minister could answer. I am not sure.

Senator Minchin—I am happy to say that I have agreeably acted upon the professional advice that I have received in a lot of consultation about how this process ought to be handled. The formal proposal was put that a steering committee of that kind on a cross-party basis be established, which I endorsed. It really is to seek to ensure a bipartisan approach to the ultimate offer that is made. It will be for the government ultimately to determine that offer, but we seek, as much as we can, to ensure that any issues that arise in all the consultations are dealt with in a bipartisan fashion through that steering committee at the parliamentary level and to ensure that cross-party input into the ultimate offer.

Senator ROBERT RAY—The reference to members and senators as being ‘employers’ is always a difficult one inasmuch as they do not determine conditions and have very little discretionary value—sometimes salary relativities within an envelope and overtime, et cetera. Has the number of employees committees to be resourced by the government been determined, yet?

Mr Hamburger—It will be at least two from the development stage. I think it will probably be three.

Senator ROBERT RAY—It will probably be three?

Mr Hamburger—Yes.

Senator ROBERT RAY—What is meant by the phrase ‘acceptable consultative process’ which appears at the end of the second dot point in the circular that you sent around?

Mr Hamburger—I am not sure which circular that is, Senator. Is that in the context of the conditions on which the government would resource the staff groups?

Senator ROBERT RAY—I think so, yes.

Mr Hamburger—Essentially, it is that the resources are not being supplied without strings. We are resourcing the groups on the basis that it will improve the consultative process. If we do not consider that it will improve the consultative process, we are reserving the right to withdraw the resources.

Senator ROBERT RAY—When do you think these matters will be ready to be put to the staff for some sort of vote?

Mr Hamburger—We want to finish this first round of consultations this month. Whether an offer would be ready after that depends a great deal on what comes out of the consultations.

Senator ROBERT RAY—Has any study been financed as to the relativities of MAPS staff re other public servants or equivalent positions?

Mr Hamburger—We have certainly looked at that sort of thing. There is a problem in defining equivalent positions.

Senator ROBERT RAY—Yes, I know. Have you been able to find any analogous ones?

Mr Hamburger—I would not think so, no. There are bits and pieces that are analogous, but there is no particular group of employees quite the same.

Senator ALLISON—I understand the Joint House Department commissioned an environmental audit of Parliament House in August last year. Has the result of that audit been published yet? Is it complete? Is the report of it available?

Senator Minchin—This is Ministerial and Parliamentary Services, which has no responsibility per se for Parliament House whatsoever. I am sorry if you are here under false pretences. We would like to be responsible for Parliament House, but we are not.

Senator ALLISON—Would that come under program 6, Chair?

CHAIR—That was yesterday morning, Senator, I am sorry.

Senator ALLISON—Thank you.

CHAIR—If you have questions, put them on notice to us and we will make sure they are followed up.

Senator FAULKNER—As to the issue that Senator Ray was canvassing with Minister Minchin in relation to the consultation process with the MAPS staff—I had understood, Minister, that the consultation process had commenced, is that right?

Senator Minchin—That is correct, Senator.

Senator FAULKNER—You have appointed the facilitator. You gave that name to Senator Ray.

Mr Hamburger—Michael Wright.

Senator FAULKNER—So the consultation meetings have started, have they?

Mr Hamburger—Yes, Senator.

Senator FAULKNER—Has the facilitator been present at the consultation meetings?

Mr Hamburger—There would be two from the firm conducting the meetings. There has been one of these staff meetings to date and both facilitators were present at that.

Senator FAULKNER—So the facilitators were present at the staff meeting?

Mr Hamburger—Sorry, which staff meeting are you talking about? The facilitators were present at the meeting which they convened as part of the consultative process.

Senator FAULKNER—And there were two of those and they have occurred today?

Mr Hamburger—There was one of those meetings with two facilitators. They are spreading out. There will typically be one person conducting each of these meetings, but both of them attended the first one today.

Senator FAULKNER—I see. Do you know when and where that particular meeting was convened?

Mr Hamburger—It was in Parliament House.

Senator FAULKNER—Do you know when it was held?

Mr Hamburger—From 2 to 4 today.

Senator ROBERT RAY—The last time we saw the number for government staffing it was 315. Has there been any alteration to that figure to staff establishment?

Mr Gavin—Yes, Senator. The number is now 326.5 positions. In other words, there has been an additional 11.2.

Senator ROBERT RAY—Let me just go through this. Mr Mannsfield has come off the figure of 315 and he is now being picked up by DIST, even though he is reporting directly to the Prime Minister, but Mr Rutherford has been put on as a consultant. So that is 0.5 increase, is that right? That was the net effect.

Mr Gavin—That is the net effect. The way the count has been is that the 11.2 included plus one consultant, even though I understand why you have said it is a net effect of 0.5.

Senator ROBERT RAY—Let us just go carefully through where the extra staff have gone—at what level and in what office.

Mr Gavin—Would it be easier for me to read it out or do you want to—

Senator ROBERT RAY—I think you may have had some idea I would ask these questions. If you have got the details and they can be photocopied, it will save a lot of time. Have you?

Mr Gavin—I have got the details. I am not sure that these would be easily photocopied, but I am happy to read it out very quickly, if you would like.

Senator ROBERT RAY—No, very slowly! We will put Mr Rutherford down first, will we?

Mr Gavin—Yes.

Senator ROBERT RAY—He is a speech writer consultant to the PM. A full-time position?

Mr Gavin—Yes.

Senator ROBERT RAY—I am not sure we are allowed to ask, but at what level is he appointed?

Mr Gavin—Typically in the past we have thought it best not to answer, but it is definitely in the principal adviser kind of level.

Senator ROBERT RAY—I think that is fair enough. If you say it is that class we understand it without going to any further detail. So it is at principal adviser level. Okay.

Mr Gavin—A senior adviser to the Chief Government Whip. I think you were advised at the last hearing that the government members secretariat reports to the Chief Government Whip, and in fact that position is part of the government members secretariat.

Senator ROBERT RAY—We are coming back to it, of course. We could not let an estimates go by without coming back to the government members secretariat.

Mr Gavin—All I am saying is that is plus one for the GMS, really.

Senator ROBERT RAY—So it now has 11 in it?

Mr Gavin—That is right.

Senator ROBERT RAY—And this is a senior adviser level?

Mr Gavin—Yes.

Senator ROBERT RAY—So we have got a principal adviser and a senior adviser so far. Thank you. Next?

Mr Gavin—One adviser to the Prime Minister.

Senator ROBERT RAY—That will be Sydney based, of course.

Mr Gavin—Senator, I have just been told that that is Canberra based. There is then one assistant adviser to the Minister for Defence.

Senator FAULKNER—Assistant adviser level?

Mr Gavin—Yes. And a part-time assistant adviser to the Minister for Finance and Administration.

Senator ROBERT RAY—What is the part-time nature in terms of time?

Mr Gavin—That is the 0.2.

Senator ROBERT RAY—One day a week.

Senator FAULKNER—When you say ‘part-time adviser’, that is a part-time person at the assistant adviser level?

Mr Gavin—Yes. And there are seven personal secretaries added to each of the following ministers' staff—

Senator ROBERT RAY—We have heard about this so we know what it is, but go on. Tell us who the lucky people were to get Liberal Party workers on that payroll.

Mr Gavin—Workplace Relations and Small Business, the Attorney-General, the Minister for Foreign Affairs—

Senator ROBERT RAY—Hold on, just let me get this right. Reith in Victoria?

Mr Gavin—Yes.

Senator ROBERT RAY—Who was next?

Mr Gavin—The Attorney-General.

Senator ROBERT RAY—That is in Western Australia.

Senator FAULKNER—I bet South Australia is next.

Mr Gavin—The Minister for Foreign Affairs.

Senator ROBERT RAY—Now is it Mr Smith or Senator Newman?

Mr Gavin—The Minister for Immigration and Multicultural Affairs.

Senator ROBERT RAY—Ruddock, New South Wales.

Mr Gavin—The Minister for Family Services.

Senator ROBERT RAY—That is Tasmania, is it?

Mr Gavin—That is Mr Smith in Tasmania.

Senator ROBERT RAY—Don't tell us the next one!

Senator FAULKNER—You reckon we can work it out? Do you want to bet it is Queensland?

Senator ROBERT RAY—We have got a seventh one to go yet. Smith is Tassie. The prospects are Senator Parer. Well, no. He has got the second media officer.

Senator FAULKNER—I am going for Senator Herron.

Mr Gavin—Minister for Regional Development, Territories and Local Government.

Senator ROBERT RAY—Alex Somlyay. We have got one more to go. Did it go to a parliamentary secretary?

Mr Gavin—It is the Minister for Resources and Energy.

Senator ROBERT RAY—Two in Queensland.

Mr Gavin—Yes. That brings the number to 326.5. It has just been explained to me that the order of your assessed increase is different from the base, apparently. It must have been from a different base.

Senator FAULKNER—I thought we were at 315.

Senator ROBERT RAY—Three hundred and fifteen was the evidence that has been given here previously. I think we take that as a fair base—not of fulfilled positions but establishment. Are we wrong in that?

Senator FAULKNER—Just so I am clear, where does Mr Cousins fall into this establishment? I do not know how you end up with a .2. I thought you would have to end up with a .7?

Mr Gavin—As I mentioned, the figures I have here are 11.2—

Senator FAULKNER—That depends on what base you are coming off, does it not?

Mr Gavin—It does. As I understand it, the way these figures were calculated Mr Cousins is part time occupying a full-time position. They have counted it as a full-time position.

Senator ROBERT RAY—That explains it fully.

Senator FAULKNER—I am sorry. I missed Senator Ray's original question. The staffing establishment for the government is 326.2?

Mr Gavin—Point 5.

Senator FAULKNER—Point 5? You have lost me.

Mr Gavin—What my colleague is telling me is that the base in February, when we answered this before, was 315.3.

Senator FAULKNER—So it is 326.5 now?

Mr Gavin—Yes.

Senator ROBERT RAY—Do we know who has been appointed senior adviser to the chief whip in that newly created position?

Mr Gavin—It is Mr Chris Fryer.

Senator ROBERT RAY—Is he new to government or did he come from somewhere else?

Senator Minchin—He was on the staff of Minister Jull previously. When Minister Jull lost his position, he went into private enterprise.

Senator ROBERT RAY—And came back.

Senator FAULKNER—Can I ask you whether Ms Sarah Baxter has been appointed to the staff of Mr Ruddock?

Senator Minchin—Do you mean just recently?

Senator FAULKNER—I am just asking. I thought it might even be one of these.

Senator Minchin—No, she is not the personal secretary appointment. No, you are right.

Senator FAULKNER—I am sorry?

Senator Minchin—Yes, Sarah Baxter occupies the personal secretary position to Mr Ruddock.

Senator ROBERT RAY—Thanks for giving that information before I put on my money and lost a bet.

Senator FAULKNER—You owe me \$100.

Senator ROBERT RAY—No, we did not actually settle on an amount. Anyway, you lost \$100 on Queensland.

Senator ROBERT RAY—Who has been put on as the adviser to the Prime Minister?

Mr Gavin—Mr Patrick Coleman.

Senator ROBERT RAY—Has the position of assistant adviser to the Minister for Defence been filled?

Mr Gavin—Ms Suzanne Kasprzak.

Senator ROBERT RAY—And Mr Fahey's one day a week?

Mr Gavin—That position has not been filled.

Senator ROBERT RAY—How many of the personal secretary positions have been filled?

Senator FAULKNER—While that is happening, Mr Gavin, do you mind looking up what the opposition's current staffing establishment is in total?

Mr Gavin—Four out of seven of the personal secretary jobs have been filled.

Senator ROBERT RAY—Which two have not? We can rule them off first.

Mr Gavin—We will come back to that. As to opposition staffing, there are 68 additional personal staff.

Senator ROBERT RAY—We will come back to that figure in a minute. Who authorised the appointment of these extra 11 staff positions?

Senator Minchin—Not this department nor this minister. I think ultimately it is by the authority of the Prime Minister.

Senator ROBERT RAY—By the Prime Minister?

Senator Minchin—Certainly by the authority of the Prime Minister. Do you mean for the creation of the 11 positions?

Senator ROBERT RAY—Yes.

Senator Minchin—My understanding is that that is done at the end of the day by the Prime Minister.

Mr Gavin—The two vacant positions are with the Minister for Workplace Relations and Small Business and the Minister for Resources and Energy.

Senator ROBERT RAY—It is a bit hard to fill those two positions, is it?

Senator Minchin—Other things are going on in Queensland.

Senator ROBERT RAY—It was not directed to a public servant.

Senator Minchin—There is a lot happening in Queensland at the moment. Perhaps that is the reason.

Senator ROBERT RAY—Yes. We are told five, but no-one here can shed light on how miraculously another 11 staff members are granted just before an election across the normal geographical spread of one per state to go and work for the Liberal Party. You cannot shed any light on that at all?

Senator Minchin—It is a government decision to—

Senator ROBERT RAY—It is a rort, Minister.

Senator FAULKNER—That is right.

Senator Minchin—There has been an increase in government staffing. I note that it is still 37½ staff positions fewer than under the previous government.

Senator ROBERT RAY—It is a rort. These people are not working for ministers.

Senator Minchin—It is reasonable for the government to augment its staff, given that the number of positions still remains significantly lower than that under your government.

Senator ROBERT RAY—You put on these people to work in the election campaign. They are not working for their ministers. You know it and I know it. That is why the geographical spread is there. It is amazing how we could all guess where they all were.

Senator Minchin—Very clever!

Senator ROBERT RAY—It is not very clever; it is a dumb act by your government.

Senator Minchin—As I said, our staffing remains below the level of the previous government. I find your remarks utterly hypocritical. I am not going to backtrack over your period in government. To moralise on our staffing situation—

Senator ROBERT RAY—Minister, you came into office bragging that you would reduce staff numbers.

Senator Minchin—They are. We have 37½ fewer positions than the previous government.

Senator ROBERT RAY—So you have picked them up by 30 in a year. You have increased them. DLOs are up by 15 and 16. You have hidden consultants such as Mr Webster, who works directly to a minister and is paid by a department but who is basically a de facto staff member. Even if you do it, why do you not do it in the open? Why do you not admit that you are putting people across these states to do party work?

Senator Minchin—I have just told you that they are where they are. You can draw your own conclusions, but we have told you where they are. We have hidden nothing.

Senator ROBERT RAY—Really?

Senator Minchin—There are no hidden consultants. We have told you that the appointments have been made and where they have been made.

Senator ROBERT RAY—Mr Mannsfield is not a hidden consultant? He reports directly to the Prime Minister and is paid by a department. He is working directly to advise the Prime Minister as a de facto staff member paid by DIST. Of course you are hiding. There is a record number of DLOs working for you to make up the difference, and they are not calculated into any staff costs. Now you whack another 11 in. I find it quite acceptable that the Prime Minister puts on a speech writer; but the fact that it takes his numbers to 36½ means that he can no longer compare his staff with Mr Keating or Mr Hawke. That is fine; we accept that, but these seven are just a rort.

Senator Minchin—They are not a rort; they are an additional government resource which still leaves this government with fewer staff than your government had.

Senator FAULKNER—Can you tell us how many graduate administrative assistants are on the staff of Howard government ministers?

Senator Minchin—Are you describing that as a classification?

Senator FAULKNER—No, I am asking how many graduate administrative assistants are on the staff of Howard government ministers?

Senator Minchin—Does anyone have any information? We will have to take that one on notice, I am sorry. I do not have one.

Senator FAULKNER—You may not have one. Take Senator Newman, for example. If you go to the Parliament House communications directory—this is another way to fill out your staff apart from departmental liaison officers, of course, who are not counted into the establishment for the purpose of attracting opposition staff—you will find that there is a graduate administrative assistant on Senator Newman's staff. Check it, by the way; that is page 104 of the communications directory. We know other ministers have also had GAAs placed on their staffs. Can you take that on notice if you do not know now? I do not know if anyone from MAPS is able to assist us with this. I gather they are not.

Senator Minchin—They are not employed under the MOPS act so it is not really relevant to us, but we will endeavour to get you the information.

Senator FAULKNER—It is very relevant, of course, as you would appreciate, to the staffing establishment in a minister's office. You can perhaps take on notice which ministers have graduate administrative assistants currently and which ministers have had them over the period since the election of 1996 and for what periods. By the way, I would also like you to take on notice whether there are any graduate administrative assistants in the government members secretariat as well. I appreciate you might not have that information available, but you will find that a quick perusal of the Parliament House communications directory will show you that that is just another way of filling out the government ministers' staffs in a way that, of course, does not attract an opposition staffing entitlement. Are there any changes to the opposition staff? Have there been any policy changes on the part of the government, apart from a review in the early part, assuming that there is not a change of government at the next election? When will there be an examination of the level of opposition staffing?

Senator Minchin—I think the Prime Minister has reaffirmed to the Leader of the Opposition that the staffing will be reviewed in March each year and adjusted to keep it at 21 per cent.

Senator FAULKNER—What is actually confirmed, I think, Senator Minchin, is that the government will blow out the numbers of its own staffing and those increases will not attract a commensurate increase in opposition staff at the proportionality of 21 per cent of the total government staffing establishment until there is an annual review. That is the case, is it not?

Senator Minchin—The current 68 is based on the 326, not the 315.

Senator ROBERT RAY—That is what I thought. I would not have said otherwise. I am well aware of that.

Senator Minchin—All I am saying is that we did not take your 21 per cent based on the 315 and whack on another 11 and leave it at that. Your current allocation is based on the current total, not the pre-March figure.

Senator FAULKNER—I appreciate that. Under the way that you have outlined, I think the maths comes out at 68.565 and, because of your interpretation of rounding up that you have given at a previous estimates committee—you would recall that mathematical leap of faith that you made at previous estimates hearings. One would assume that, if that current figure applied to an opposition staffing establishment, it would be increased by 1. Of course, the problem is that these changes in relation to the number of government staff members are determined at the whim of the Prime Minister and, of course, it is only on an annual basis that the opposition is able to—

ACTING CHAIR—Questions please.

Senator Minchin—We have got used to speeches. It is all right, Mr Chairman.

Senator FAULKNER—Some of them are very good, too. You might learn something if you listen. It would be true to say that only on an annual basis can a commensurate allocation be made to the opposition.

Senator Minchin—I understand that it has been a long-term practice. I am not sure that we have changed the practice. I do not speak on advice here, but I guess if an election was held halfway between two review periods and everything changed, it would be open to the Leader of the Opposition to seek a sort of a mid-term review from the Prime Minister. We have adopted what I think has been a long practice as to an annual review of staffing.

Senator FAULKNER—Are you able to inform the committee as to whether the seven personal secretaries—

Mr Gavin—Five have been appointed.

Senator FAULKNER—sorry, the five that have been appointed are based in Canberra or in the minister's state offices?

Mr Gavin—All five personal secretaries are based in the state office of the minister.

Senator ROBERT RAY—Another coincidence. These are exactly the same basing arrangements as the extra six media officers.

Senator FAULKNER—Has there been any consequential increase or change to the facilities provided in ministers' offices that you are aware of? I appreciate that you may not be aware of that because it might be a responsibility of home departments. Do you have any information about any changes that you can provide to the committee?

Mr Gavin—Personally I am not aware of any.

Senator FAULKNER—Why would that be? Because one would assume that those sorts of resources would be provided by the minister's home department?

Mr Gavin—If they have been provided, they would have been provided by the home department.

Senator FAULKNER—Yes, if they had been provided, it is difficult for you to be able to advise us in relation to that.

Senator ROBERT RAY—Can you tell me who Mr Mark Elliot works for?

Mr Gavin—Mr Ruddock.

Senator ROBERT RAY—He works for Mr Ruddock? Did he come from Senator Ian Macdonald's staff?

Mr Gavin—Yes.

Senator FAULKNER—Can you tell us where he is based?

Mr Gavin—Sydney.

Senator ROBERT RAY—Do we know what position he holds in the Sydney office—Mr Ruddock's office?

Mr Gavin—He is a media adviser.

Senator ROBERT RAY—He is a media adviser? What does that mean, minister? Do you know?

Senator Minchin—Without being facetious, I guess he advises the media. That is the classification. It is a matter for the employing minister as to the specific duties performed. My media adviser advises me on media.

Senator ROBERT RAY—Do you reinforce the evidence given at this committee, with the exception of Senator Parer, that these state based media advisers do not do media monitoring?

Senator Minchin—I do not employ one and I am not responsible for their specific duties. If you want me to come back to you with further information as to what specifically their duties are, I am happy to do my best.

Senator ROBERT RAY—You are aware of the evidence or you have been made aware of evidence given at this committee that these people are not media monitors, with the exception of the evidence that Senator Parer gave?

Senator Minchin—I am not prepared to give a running commentary on the exact nature of their duties. They are employed on the staffs of these six ministers and it is for them to determine the exact nature of their duties within the classification of media adviser.

Senator ROBERT RAY—At the very least, you would probably be aware of the absolute assurance this committee has had that these additional six media officers, even though they may monitor media for the purposes of their ministers, do not monitor opposition spokesmen. That has been put very definitively before this committee. Do you recall that or do you endorse that?

Senator Minchin—No, I am not immediately aware of that evidence.

Senator ROBERT RAY—You are not aware of your Liberal Party position that it would never set up an organisation to monitor opposition spokesmen on issues?

Senator Minchin—My understanding is that there is no equivalent of the National Media Liaison Service, which in my experience and recollection was nothing more than an organisation to monitor opposition activities. There is no equivalent in this government as far as I am aware.

Senator ROBERT RAY—Simply, you mean that there is none that has been announced.

Senator Minchin—As I said, as far as I am aware, there is nothing anything like the National Media Liaison Service.

Senator ROBERT RAY—You do not think it is an absolute coincidence that six additional media officers, that is, two per minister, happen to be spread over six states? Do you not see a coincidence in that, Minister?

Senator Minchin—Those ministers have been allocated an extra media adviser and it is a matter for them as to the nature of their work.

Senator ROBERT RAY—Are you saying that instructions have not been given out of the Prime Minister's office by Mr O'Leary and others to media monitor and report back to them?

Senator Minchin—You would have to pursue that with the representative of the Prime Minister who appears before you and PM&C as to what, if any, instructions have gone out of the Prime Minister's office.

Senator ROBERT RAY—Are you aware of a facsimile sent to Mr Tony O'Leary from one Mark Elliot, subject Kernot transcript—'Please find attached a copy of the Kernot transcript and the synopsis of talkback callers from 2UE this morning'—signed off by Mr Elliot?

Senator Minchin—Your question was whether I was aware of it. No, I am not aware of it.

Senator ROBERT RAY—'Copy to Mitch Fifield' in Costello's office 'and Lynton Crosby.' You have just set up your own unofficial media monitoring of the opposition—and it has other comments here about what was said—but you do not have the guts to come out and publicly state that you are doing what you condemned in opposition.

Senator Minchin—I can only take it as an assertion by you to which I cannot respond as the minister responsible for ministerial and parliamentary services. You can make the assertion, but these positions are media advisers to those ministers. They advise them on media.

Senator ROBERT RAY—Of course, Senator Parer told us that his second media adviser reported back to the Prime Minister's office and had contact with the government members secretariat and all the rest.

Senator Minchin—That is a matter for Senator Parer, not for me. I cannot speak for the relevant ministers. I cannot do that for you.

Senator ROBERT RAY—There does not seem to be much esprit de corps to represent the government position here from you. You just wash your hands of the whole thing.

Senator Minchin—I am not aware of anything that is at all unacceptable or improper about the government appointing additional staff. Governments and ministers require a significant number of staff, as you would know, to perform their duties. As I say, with whatever embellishments that you may wish to assert, the government is, in general terms, operating with fewer staff than its predecessors.

Senator ROBERT RAY—We will go through the appointments of additional personal secretaries. I think Senator Faulkner asked it, but can I confirm that Ms Sarah Baxter has now been appointed to Mr Ruddock's office?

Senator Minchin—You asked that before, I think.

Senator ROBERT RAY—Yes, I was just confirming it.

Senator Minchin—Yes, in regard to that.

Senator ROBERT RAY—And her duties are as a personal secretary?

Senator Minchin—That is the classification under which she is employed, for your own information.

Senator ROBERT RAY—I note that Mr Mark Elliot wrote to Ms Sarah Baxter welcoming her to the job and laying out her duties. I thought that was most interesting. You might like to comment on one or two aspects of that. 'Each Monday we have a telephone link-up with the PM's office and our colleagues around Australia.' I cannot prove that that is about media monitoring, can I? But then it states, 'If any of Ruddock's senior staff ask you to do something and you have time, it would be good politics for you to do it. If you are doing something that you consider urgent, that takes priority. If people get upset, I will back you up and deal with the issue.' In other words, 'You are not really working for Ruddock.'

Senator Minchin—It is impossible for us to respond. We have no idea of the authenticity of that. It is something that you have apparently received. We do not know whether these two characters, whom I have never met and know nothing about, actually had that correspondence. You do not know for a fact. Maybe it is, maybe it is not. I do not know.

Senator ROBERT RAY—I must say that I am always dubious about material, so I go back and check it. Sometimes I fly on a wing and a prayer. This time I have got rolled gold, Minister.

Senator Minchin—You have just read something out to us. You could be saying it off the top of your head for all I know. It is impossible for us to respond to something of that nature. If you wish to assert that there is something improper about any of these appointments, you can raise that with us with respect to our responsibilities. Otherwise, raise it under PM&C.

Senator FAULKNER—Here we have a situation where Mr Elliot has kindly provided us with some information, or a letter.

Senator ROBERT RAY—I think he did inadvertently. I do not think that he provided it.

Senator FAULKNER—Well, he kindly provided us with a letter for Ms Baxter. I am not suggesting that Mr Elliot himself handed it over. I am not suggesting that for one moment. Do you keep a record of the email addresses of the ministers' offices? Would you have that available? Would Max have that available? Do you communicate yourself with ministers via email?

Mr Skrzypek—Senator, we certainly have email addresses for electorate offices. I assume we do for ministerial offices as well, but I would have to check that.

Senator Minchin—This department's responsibility is primarily for electorate offices. The ministers' offices are the responsibilities of the departments themselves.

Senator FAULKNER—So if you had an email address *ozemail.com.au*, where each morning media monitors email a synopsis of media over the previous 24 hours, you would not actually be aware of that?

Mr Gavin—That is right, we would not.

Senator FAULKNER—So you would not know, in fact, whether Ms Baxter, having joined Mr Ruddock's staff, would have as one of her daily morning tasks to examine the list provided by media monitors and identify anything that may be of interest. You would not know whether that would occur?

Mr Gavin—That is correct, we would not.

Senator FAULKNER—Would you know, Senator Minchin?

Senator Minchin—I do not. It does not sound usual activity for a media adviser, I would have to say, but I do not know about Ms Baxter.

Senator FAULKNER—Would it be true that each Monday at around 12.30 p.m. there is a telephone link-up with the Prime Minister's office and the other colleagues in this operation from around Australia?

Senator Minchin—That is quite outside the purview of either me or these officials. If you want to ask the Prime Minister's office, I certainly do not know—

Senator FAULKNER—You are not aware of it?

Senator Minchin—I am not aware of it.

Senator FAULKNER—Would you be aware of an instruction that would go out that, in fact, you have to keep this time and the phone lines free regardless? What does that mean in terms of services to the public trying to contact the minister's office? 'Keep the phone lines free. Hang up on anyone who rings. Make sure that we get on the old hook-up to drop a bucket on the opposition.' Do you know if that is true? You are the minister.

Senator Minchin—There are an enormous number of hypotheticals in that question. It is not unusual for staff to talk to each other. I am sure your staff liaise, consult and engage in phone hook-ups all the time. I do not know about these circumstances.

Senator FAULKNER—I would have thought you would know at 12.30 p.m. on Monday if there was a national telephone link-up.

Senator Minchin—No, I do not know.

Senator FAULKNER—You do not know?

Senator Minchin—No.

Senator FAULKNER—I am surprised you do not know that, minister.

Senator Minchin—There is a lot I do not know.

Senator FAULKNER—I am surprised that you are so far out of the loop that they have not told you that that is going on.

Senator Minchin—I am fully in the loop. I am so busy with other things—

Senator FAULKNER—Would you be aware of the establishment of the faxstream list: the New South Wales radio news list, the media alert list, the New South Wales coalition members and senators and coalition press secretaries?

Senator Minchin—Again this is nothing to do with—

Senator FAULKNER—Would you be aware that you have a news service log-in that allowed you to access the wire? Would anyone in parliamentary services know that? You might know about getting stationery and a pinboard. Where would they come from?

Senator Minchin—I can ask an official to refresh you on the situation with regard to the supply of equipment to the minister's office.

Senator FAULKNER—I think I am well aware of it. I am just checking. It is interesting—

Senator Minchin—I think you are asking questions to which you already know the answers. I am not sure where we are going with this.

Senator FAULKNER—I am asking questions that arise from this communication from Mr Elliot.

Senator Minchin—I have never seen the questions or the piece of communication. They do not seem to have much relevance to my responsibilities.

Senator FAULKNER—Is that right? Would it not be appropriate for these people to learn which radio presenters are on at which time and set up a program list for their own information? Mr Elliot makes the point that the Department of Immigration and Multicultural Affairs is supposed to provide these people with everything they need. In fact, a particular officer from DIMA stores is the contact for this operation. There are two departmental liaison officers based in the minister's office in Canberra to assist in dealing with DIMA when required. It is a bit arrogant. 'Please ask me about programming your phone,' he says. 'It is a bit tricky. We can also forward the phone lines to Canberra to handle my mobile.'

Senator Minchin—I am sure you are having lots of fun referring to some document you have inadvertently come across, but I do not really know what it has to do with anything.

Senator FAULKNER—Who pays for the Media Monitors who should 'provide us with recordings when needed'? Do we know that?

Senator Minchin—Sorry, I thought you were reading from the document.

Senator FAULKNER—I am. I am just asking.

Senator Minchin—Is there a question in that document? Are you asking a question, or is that a question in the document?

Senator FAULKNER—The document says 'Media Monitors will provide us with recordings when needed'. I am asking: who pays for it? Do you know that?

Senator Minchin—I gather you are talking about Immigration and Ethnic Affairs. Honestly, I think you would have to ask that of the Department of Immigration and Ethnic Affairs.

Senator ROBERT RAY—Can I ask who Mr Karim Barbara is? Does he work? Is he on the list? I think he might be, according to this.

Mr Gavin—He was an adviser on Mr Ruddock's staff.

Senator ROBERT RAY—To advise the minister?

Mr Gavin—On the personal staff of Mr Ruddock.

Senator ROBERT RAY—Minister, can you explain? Mr Elliot's document says: Karim Barbara, who is attached to this office, is in a similar situation to us. He reports to the PM's office and the Liberal Party. You should offer assistance to him when you can. That hardly sounds like he is working for a minister. It continues:

If Arthur Syndos, Tony Nutt, Tony O’Leary or Adam Connolly or David Gazard ask you to do something, it should be done immediately.

This, of course, is to Ms Sarah Baxter, not to Karim. These people whom you have put on—as I think other evidence will show—are plainly working for the Liberal Party.

Senator Minchin—I do not know. I have never seen that document. It is not unusual in any government for the Prime Minister’s staff to be accorded a respect and a seniority in the hierarchy of the government. I am sure it was the case in your government.

Senator ROBERT RAY—It says that you are going to have to work fairly hard, which is good. We are all in favour of the work ethic. The document states:

If I tell you to go home early or come in late, you will do it. You will make up for it when the election is called. If you work late at night, do not catch public transport. Without wanting to sound like your father, it is not always safe.

It blames the Labor Government, naturally. It continues:

You are entitled to a Cabcharge if you are late, so use it.

Are these staff, when they are active in election campaigns, entitled to a Cabcharge home? You can answer that one.

Senator Minchin—I do not want to start commenting on entitlements in an election period. I do not know whether we can answer that straight away.

Mr Winder—It depends on whether they are employed through the department or through us.

Senator ROBERT RAY—They are on the minister’s staff.

Mr Winder—If they are on the minister’s staff and they are working for the minister’s office, I think they would be entitled to a Cabcharge at night if they are working on minister’s duties.

Senator ROBERT RAY—It is not implied in this letter; they are working on the election campaign.

Mr Winder—Is that right?

Senator ROBERT RAY—So that is the definition: if they are working on the minister’s—

Mr Gavin—No, as long as they are on official business, they are entitled to a Cabcharge when the public transport is either not available within a reasonable time or as there is a need for personal safety.

Senator FAULKNER—How do you define ‘official business’ in an election campaign?

Senator Minchin—I do not think the definition differs, does it?

Mr Winder—For ministers, it is generally understood, as I understand it, that their duties continue on through an election.

Senator FAULKNER—And for a minister’s staff?

Mr Winder—And for a minister’s staff if they are actively working for the minister in respect of his duties.

Senator ROBERT RAY—Do you have the evidence given yesterday that the PM’s department, Prime Minister and Cabinet, is working on a document about dos and don’ts during the election period? Have they consulted you about that?

Mr Winder—We have been talking to the Prime Minister’s department about such a document. It is subject to advice.

Senator ROBERT RAY—Are they going to have prime carriage of sending those sorts of advices out, or is your section?

Mr Winder—It would be a matter for our minister, I believe.

Senator ROBERT RAY—You are going to send that out some time late in July, are you, Minister?

Senator Minchin—I have no idea when the election will be called. It has to be held by March. I am keen to ensure that everybody on both sides of the parliament is reminded of the normal rules regarding entitlements during election periods. It is an area where there is some uncertainty on both sides of the fence. We saw that with TA last time. On both sides there was some confusion. I am keen to ensure in advance of the election that there is some clarification of what are the entitlements and their proper use.

Senator FAULKNER—I assume that Media Monitors, the monitoring service, would be paid for by the home department?

Mr Gavin—It certainly is not paid for by us.

Senator FAULKNER—Would the costs of video and audio tapes be paid for by the home department?

Mr Gavin—Senator, I have no way of knowing.

Senator FAULKNER—You assume it is paid for by the home department?

Mr Gavin—I will not make any assumptions—

Senator FAULKNER—Will you tell us, then, that it is not paid for by MAPS.

Mr Gavin—It is not paid for by MAPS.

Senator FAULKNER—Will you tell us, Senator Minchin, whether it is paid for by the Liberal Party. I bet it is not.

Senator Minchin—I cannot tell you anything about what other ministers do.

Senator FAULKNER—You are not even aware of this operation taking place, are you?

Senator Minchin—If I need something in relation to my ministerial responsibilities, then that cost is met by my department.

Senator FAULKNER—Minister, are you aware of this operation that Mr Elliot and Ms Baxter and others are involved in?

Senator Minchin—No, I am only aware, as is proper, of the augmentation of the government staffing in the manner that is—

Senator FAULKNER—So you are saying to this estimates committee that you are not aware of this operation. You said no. Are you serious?

Senator Minchin—I am aware of the fact that there are additional media advisers appointed in the manner we have just described.

Senator FAULKNER—But you just misled the committee a moment ago—

Senator Minchin—No, I am not aware of their specific duties.

Senator FAULKNER—You are not aware?

Senator Minchin—No.

Senator FAULKNER—You are not aware of the link-up around the state?

Senator Minchin—No.

Senator FAULKNER—You are seriously suggesting to us that you had no knowledge of this occurring prior to it being raised?

Senator Minchin—No, I don't.

Senator FAULKNER—It is a pretty serious thing to mislead an estimates committee.

Senator Minchin—And I wouldn't mislead you.

Senator FAULKNER—I do not think anyone would seriously believe you, as the Special Minister of State and Liberal Party apparatchik—

Senator Minchin—I have no reason to deceive you or mislead you. I am not aware of everything that goes on in the government. I have plenty of other responsibilities and there are very capable people in the government. So if that goes on, I am not aware of it.

Senator ROBERT RAY—You have never had the experience of being given a transcript of an opposition spokesman coming out of one of these operations?

Senator Minchin—No.

Senator ROBERT RAY—It just goes to the PM's office and Mr O'Leary?

Senator Minchin—If I am aware that Daryl Melham or someone has made a speech, I ask my own media adviser to get me a transcript.

Senator ROBERT RAY—That is understandable. You only have one media adviser.

Senator Minchin—And I rely on her to supply me with the information I need.

Senator ROBERT RAY—But Senator Parer has two; is that right?

Mr Gavin—Yes, Senator.

Senator ROBERT RAY—I hope they do not pay them by results. Mr Ruddock has two?

Mr Gavin—Yes, Senator.

Senator ROBERT RAY—Mr Reith has two?

Mr Gavin—Yes, Senator.

Senator ROBERT RAY—Mr Smith has two. Here we get to the strange one. Senator Vanstone has two, but it is Mr Downer who gets the extra personal secretary. We have a split here.

Senator Minchin—No. I think that position was transferred from Vanstone to Downer some time ago.

Senator ROBERT RAY—The second media one?

Senator Minchin—Yes.

Senator ROBERT RAY—So synergy is maintained. Five out of five. You get an extra personal sec. and an extra media adviser. Senator Watson is looking puzzled. He is wondering whether to have a stab as to whether Mr Williams, the sixth person, has an extra media adviser and an extra personal secretary. What is the situation there?

Mr Gavin—He has an extra media adviser and an extra personal secretary.

Senator ROBERT RAY—It's all right, Mr Gavin. I will give you my footy tips on the weekend to get you up the competition for the leadership because we have got a good record tonight.

ACTING CHAIR—Next question?

Senator ROBERT RAY—There is one obvious one. Why, Minister, has Minister Somlyay not got a second media adviser?

Senator Minchin—Why on earth would you be asking us that?

Senator ROBERT RAY—Well, the other six did. I thought you might know if Mr Somlyay was on the nose for some reason.

Senator Minchin—I am happy to take it on notice.

Senator ROBERT RAY—The only one to miss the quinella.

Senator Minchin—I am happy to take that question on notice, but I do not busy myself with the affairs of Minister Somlyay.

Senator FAULKNER—The only good news, I might say, from Mr Elliot is that he has got an espresso machine in his office. So if you do go to Sydney—you know nothing about this, Senator Minchin, as Special Minister of State—drop in and have a cappuccino. I do not know who provides the espresso machine. No doubt it is the home department. We will ask them that at some stage. But drop in and have one, because I suspect he might be able to show you around and familiarise you with this operation that everyone else, apart from you, seems to know an awful lot about.

Senator ROBERT RAY—We will move on to what I suppose is a related matter, that is, the government members secretariat. Could I have the date and the rationale for its transfer from the esteemed minister's control across to the chief whip's control?

Senator Minchin—In February of this year the Prime Minister transferred responsibility for the GMS to the chief government whip. I understand that is comparable to the arrangements the previous government had in relation to the caucus secretariat.

Senator ROBERT RAY—The caucus secretariat simply was secretaries who assisted the caucus committee. You realise that? It had no political or policy role whatsoever.

Senator Minchin—The government members secretariat is comprised of 10 or 11 people who are there to support government members. Most government members are lower house members, so it makes sense to have operational responsibility with the chief government whip, I would have thought.

Senator ROBERT RAY—That is the rationale that you have made up or that the Prime Minister decided on?

Senator Minchin—That is my understanding of the reason the transfer was made.

Senator ROBERT RAY—I thought you may have given it the dump—the ambulance handpass—to get it out from under you.

Senator Minchin—I am happy to accept any and all responsibilities that may be steered my way. Certainly I agreed that that was a sensible decision.

Senator ROBERT RAY—So they are no longer nominally on your staff, because that is how you would have described them before, I think. That is, you were ultimately responsible for them but had no control over them. So I think you are in a better position. Who now provides all that back-up and support, though?

Mr Gavin—The Department of Finance and Administration.

Senator ROBERT RAY—Do you still pay for their mobile phones, their laptops, their specialist computer programs, their travel, et cetera?

Mr Gavin—Yes.

Senator ROBERT RAY—But the actual day-to-day control rests with the chief whip. This is not trying to trick you, Minister, but where does that leave it in terms of ministerial responsibility? You would certainly be responsible for their provisioning, if not their operational matters; is that right? I am just trying to get—

Senator Minchin—MOPS is responsible, as it is with all government staff and opposition staff, for their allowances, travel expenditure, that sort of thing—whatever equipment they are entitled to. It is no different in that sense from government and opposition staff generally.

Senator ROBERT RAY—We know they have now gone up to 11 people. That is one senior adviser and—am I right in saying—about four advisers?

Mr Gavin—Five assistant advisers and one personal secretary.

Senator ROBERT RAY—So one, four, five, one?

Mr Gavin—That is right.

Senator ROBERT RAY—Extremely top heavy. How many of those are Canberra based? Previously we got an eight/two breakdown, I think.

Mr Gavin—It is nine/two.

Senator ROBERT RAY—Have we still got one in Adelaide?

Mr Gavin—Yes.

Senator ROBERT RAY—Still in the Commonwealth Building?

Mr Gavin—Yes.

Senator ROBERT RAY—Are they in the Commonwealth Building or in the minister's office in the Commonwealth Building?

Mr Gavin—They are in the minister's office in the Commonwealth Building, I imagine.

Senator ROBERT RAY—Which minister?

Mr Gavin—Mr Downer.

Senator ROBERT RAY—In Minister Downer's office. Is there still a representative in Sydney?

Mr Gavin—That is right.

Senator ROBERT RAY—In the Commonwealth offices?

Mr Gavin—In the Commonwealth offices in Sydney.

Senator ROBERT RAY—In whose office?

Mr Gavin—In the Prime Minister's office.

Senator ROBERT RAY—Working in the Prime Minister's office but under the control of the chief whip from South Australia in Sydney?

Mr Gavin—Well, the line of control, of course, is to the senior adviser, who is in Canberra, but yes.

Senator ROBERT RAY—Yes, and then through to the chief whip.

Mr Gavin—Yes.

Senator ROBERT RAY—Having a senior adviser or at least one person in charge is probably a good idea from that point of view. Who is the representative in Adelaide and who is the representative in Sydney?

Mr Gavin—In Adelaide it is Mr Keith Blyth.

Senator ROBERT RAY—And in Sydney?

Mr Gavin—In Sydney it is Ms Aileen Weisner.

Senator ROBERT RAY—She has been there for a while, I think.

Mr Gavin—That is right.

Senator ROBERT RAY—And all the nine Canberra-based people have Canberra as their home base?

Mr Gavin—Yes.

Senator ROBERT RAY—What is the role of the government members secretariat in terms of supporting the backbench once an election has been called?

Senator Minchin—We are not responsible for their duties. They would be constrained, like any other member of parliament or staffer, to continue to work within the guidelines. But what that will mean in an operational sense we are not in a position to answer. You might as well ask the same question about every single opposition and government staffer.

Senator ROBERT RAY—Because questions have been raised about the distinction between giving them parliamentary backbench support and operating as a Liberal Party campaign adjunct, that throws it into a little more sharp relief than anything else.

Senator Minchin—Accusations of that kind are always made about parliamentary staff, whether they are opposition or government, I find. It is just extensions of their own party—

Senator ROBERT RAY—It is not bad, though.

Senator Minchin—Those allegations are easily made.

Senator ROBERT RAY—It is not bad having a senior adviser, four advisers, five assistant advisers and one more to operate that way.

Senator Minchin—They are all within the government staffing entitlement, as your 68 are in your opposition entitlement.

Senator ROBERT RAY—But the problem with that, Senator Minchin, is that Senator Hill gave us a definition of what they do which, frankly, is a crock. Your explanation is a lot simpler and a lot more precise: they are in the government allocation so they should do basically what they should do. At least you have stripped away all the cant and hypocrisy surrounding the bloated and inaccurate statements of Senator Hill. That is all I can say.

Senator Minchin—I do not want to give any support for your unfair and malicious attacks upon my colleague Senator Hill.

Senator ROBERT RAY—No, that is why you supported him. I notice that.

Senator FAULKNER—And you should say that with a straight face, Senator Minchin, next time. It would be far more believable.

Senator Minchin—Senator Hill is a very, very good senator.

Senator FAULKNER—You have to wipe that smirk off your face when you say that.

Senator ROBERT RAY—We know that you are right behind him.

Senator FAULKNER—With a knife.

Senator Minchin—No, no.

Senator FAULKNER—We are drifting.

CHAIR—Are you right now, Senator?

Senator FAULKNER—Okay. Is it true, Senator Minchin, that the government members secretariat is producing fake letters to the editor for coalition backbenchers to send to newspapers around the nation?

Senator Minchin—As I say, I am not responsible for their actual activities. I saw some—

Senator FAULKNER—Yes, it was exposed recently in a newspaper.

Senator Minchin—I have not made inquiries as to the veracity of that claim. No-one supplied me with a dummy copy.

Senator FAULKNER—Strangely enough, a number of people have supplied me with some fake letters.

Senator Minchin—Did you find them useful?

Senator FAULKNER—I found them very misleading, in fact. If that is true, you might like to take that on notice and just let us know whether the government members secretariat is producing such false and misleading material.

Senator Minchin—That is in addition to your previous question, which was about sending out letters.

Senator FAULKNER—Fake letters.

Senator Minchin—Fake letters?

Senator FAULKNER—They are fake letters, because it is suggested that they come from government backbenchers when, in fact, they are being generated in the government members secretariat.

Senator Minchin—You are saying that opposition staff never prepare letters for opposition members?

Senator FAULKNER—No, I am not saying anything; I am asking you whether the newspaper article that you have dedicated staff preparing this false and misleading material is accurate.

Senator Minchin—False and misleading? You are talking about the contents of the letters?

Senator FAULKNER—Both, as a matter of fact—the things that the letter states.

Senator Minchin—I am happy to find an answer for you, but in principle you are telling me that your staff have never prepared a letter for you to send to a newspaper?

Senator FAULKNER—That I send to the newspaper? I do not send too many letters to the newspaper and, when I do, I try to write them myself, as a matter of fact, if you really want to know. So I am reasonably pure on that. I have to admit that you do not see too many letters from me to the editors of newspapers. You see a lot of similar letters going from coalition backbenchers to a whole range of newspapers, particularly to suburban and regional newspapers, generated by the government members secretariat. One of the useful things here, I suppose, is to be able to expose this practice so, hopefully, the editors of such newspapers will be on their guard. Obviously, someone in the *Canberra Times*—I do not know whether it is the editor or not—got on to it. Someone who goes under the title of Ratbag, in fact, in his column in the *Canberra Times* was able to expose it.

CHAIR—Senator, what is the question?

Senator FAULKNER—I am answering Senator Minchin's question. Senator Minchin is just getting into practice for the position that he will find himself in a month or so's time. He is asking me a question so I am answering it.

Senator Minchin—You are very cocky about the result of the next election.

Senator FAULKNER—Not at all. So you cannot confirm that that is occurring?

Senator Minchin—No, I cannot, but I said that I would find out for you.

Senator FAULKNER—Yes, I hope that you are going to be much more forthcoming than some of the previous answers to questions on notice in relation to the activities of the GMS. Have you seen the flyer that was printed and authorised by M. Andrew, MP, Parliament House about our kids' future? I do not know whether you have seen this. It has been letterboxed in the ACT and it has appeared in a range of places—a number of newsletters from coalition members and the like. I do not know if you have seen the flyer before.

Senator Minchin—I have not seen that one.

Senator FAULKNER—It is an interesting one because, on one side it is printed and authorised by Mr Andrew; the other side is printed and authorised by Senator Reid. Obviously, they are really covering their bases here. I assume that, for one side of the paper, Senator Reid has been responsible for organising the printing and for the other side, it has been shot back through the machine with Mr Andrew taking some responsibility for it. I just wondered if there was now a practice of Mr Andrew authorising this material because of his new responsibilities in relation to the government members secretariat. Are you aware of whether that is the case?

Senator Minchin—No, I am not. I do not know whether the authorisation by Mr Andrew of that particular pamphlet has anything to do with his responsibilities for the GMS, but I am happy to—

Senator FAULKNER—But you are not aware of any decision that has been made for Mr Andrew, given that he has new responsibilities in relation to the government members secretariat, to authorise and print a lot of this material? That is something that you have not been apprised of?

Senator Minchin—No, I have not.

Senator FAULKNER—Perhaps you could check it out for us and let us know in the fullness of time. I just found this one interesting, because he managed to authorise and print one side and Senator Reid the other. As I say, I suppose they are covering their bases. This really could not have been done at the government members secretariat, I suppose, because it is unashamed political propaganda. So that could not possibly have been generated in the government members secretariat, could it?

Senator Minchin—I do not know where it has been generated. What you might regard as unashamed political propaganda others might regard as information about government programs.

Senator FAULKNER—Yes, but if it was political propaganda, the production of that should be funded not by the taxpayer but by the Liberal Party, should it not? You would agree with that, would you not?

Senator Minchin—I would have thought that material that explains and seeks to promote government initiatives, government policy and government programs is quite legitimately done by government members.

Senator FAULKNER—Yes, but what if it is—

Senator Minchin—With the assistance of the government members secretariat.

Senator FAULKNER—But what if it does not do that? What if it crosses the line into, as I say, just unadulterated political propaganda?

Senator Minchin—Well—

Senator FAULKNER—That would not be done by the government members secretariat, would it?

Senator Minchin—There will never be an easy answer to where the lines should be drawn in these matters. Our job is to remind our members and senators and their staffs of their responsibility to abide by the rules relating to their entitlements, which provide that it is parliamentary and electorate business and not straight party political business. That applies to both sides of the fence.

Senator FAULKNER—Can you confirm, Minister, as to whether some of the staffers that we have been speaking of attached to a range of ministers located in ministerial offices in all states actually have as a responsibility attending doorstops that are being conducted by senior members of the opposition?

Senator Minchin—No, it is impossible for us to give you an answer to that. Being a media adviser to a minister involves a whole range of duties.

Senator FAULKNER—Are you aware of that practice?

Senator Minchin—I am not aware of that practice, but I am happy to say that if I know that Daryl Melham or you was giving a doorstop, I would ask my media adviser to be there with a tape recorder. That is very important for me in the performance of my duties.

Senator FAULKNER—I see. You would do that, would you?

Senator Minchin—I am sure I have seen opposition people at my doorstops. There is nothing wrong with that.

Senator FAULKNER—I do not know whether or not they are at your doorstops. I would have thought that they would have better things to do. You might think so, too.

Senator Minchin—You might be right.

Senator FAULKNER—Would you expect those operatives to leave the microphone or their tape recorder on as they get into the lift with the Leader of the Opposition? Would you expect that sort of miserable and low-life exercise to be taking place?

Senator Minchin—Senator Minchin—This is getting extremely hypothetical. I do not know whether you are asking a hypothetical or asserting that one of these media advisers did that.

Senator FAULKNER—I believe that it is not a hypothetical question.

Senator Minchin—I can only give you a personal reaction.

Senator FAULKNER—What do you think of the political ethics of that?

Senator Minchin—I am happy to say that, personally speaking, that is unacceptable. I would hope that it is hypothetical, and I hope that it would never occur.

Senator FAULKNER—It is not hypothetical. I think it is unacceptable, too. I hope that your approach, which I think is proper and principled, in relation to your answer to my question was something to which a few of these Liberal Party operatives would give some thought. That has happened recently and, frankly, I think that is beyond the pale.

Senator Minchin—If it has, I would hope that there are no repeats, and I am happy for you to put that on the record. I hope that, if anyone did engage in that activity, it is never repeated.

CHAIR—Are there any further questions on this program?

Senator FAULKNER—Yes, there are. In relation to Comcar, I have a couple of questions that may need to be taken on notice. If so, I would understand. There has been, it seems to me, a process whereby a significant number of full-time drivers have been replaced with casual drivers. This is something that has been canvassed previously, of course, at estimates committees. Mr Gouldson, I think you have answered questions about this, amongst others, in the past. Do those casuals work under the full-time drivers certified agreement?

Mr Gouldson—The casual drivers have their own current award. No, they do not work under the certified agreement.

Senator FAULKNER—So they would not, for example, get overtime. Would that be right?

Mr Gouldson—The award covers particular conditions, remuneration, et cetera, as contained in the award.

Senator FAULKNER—Just in relation to overtime, what would the situation be?

Mr Gouldson—I cannot recall the exact details, but it does have some overtime provisions. It may involve having to work so many hours in a day and then any hours beyond that would be overtime. I cannot recall the exact figures, but I can provide them to you.

Senator FAULKNER—I would appreciate that. Thanks very much. Do you have up-to-date figures on the number of Comcar drivers we have around the states?

Mr Gouldson—At 30 April we have 77 nationally—permanent full-time drivers.

Senator FAULKNER—Can you tell me how many casuals there are?

Mr Gouldson—Casuals as at the same date: 129.

Senator FAULKNER—I might ask you, if you would not mind, to give us a state by state breakdown. Please take that on notice.

Mr Gouldson—Yes.

Senator Minchin—Overwhelmingly, the casuals are in the ACT—89 of the 129 are in the ACT—for obvious reasons.

Senator FAULKNER—That is similar to the pattern that we have seen previously when we have asked similar questions. But I do not want to bog us down in this, Mr Gouldson. If you could provide that information on notice, that would be appreciated. How many full-time redundancies have there been during the life of this parliament? Would you be able to provide us with that information?

Mr Gouldson—No, I cannot remember the exact number. I can provide that to you. It was somewhere in the order of about 60, if I recall correctly.

Senator FAULKNER—If you could provide that, could you provide it with a six-monthly breakdown? Would that be possible?

Mr Gouldson—A six-monthly breakdown?

Senator FAULKNER—Perhaps you could break it up annually or six monthly. I thought it might be possible to do it six monthly. Whatever is easier in terms of however you are generating these figures. If it is too difficult to do it on a six-monthly basis, give it to us on an annual basis. I will understand.

Mr Gouldson—We will do that.

Senator Minchin—The permanent numbers in July 1997 were 127 and they are now 77.

Senator FAULKNER—That is helpful, Minister, but these figures have been provided previously on notice, and I think it is just as useful to follow the same pattern—unless, Mr Chairman, you would prefer us to winkle this out line by line.

CHAIR—No.

Senator FAULKNER—How many of the 129 Comcar casual drivers have successfully completed anti-terrorist driver training?

Mr Gouldson—I will check, but I think they would be very few. I will get the exact number, if there are any.

Senator FAULKNER—How significant do you see that issue of the anti-terrorist training?

Mr Gouldson—It is an important component of Comcar. We have a high percentage of our permanent drivers trained to that level. I do not know the exact number; I do not have that with me. We do have a high proportion of the permanent drivers trained to that level.

Senator FAULKNER—I accept what you say—that this is important. Do you have some plans in relation to this sort of driver training in mind?

Mr Gouldson—The plan we have is to continue to provide that training. It is provided on a fairly regular basis to drivers who have to successfully pass the training on every occasion to maintain that status.

Senator FAULKNER—I am sorry, I missed the end of what you said.

Mr Gouldson—Our plan is to continue with the provision of the anti-terrorist training and to ensure that all our drivers who have those skills can maintain them at the appropriate level.

Senator FAULKNER—What does that mean for casual drivers, for example?

Mr Gouldson—I think the answer to that is that no casuals are currently going through anti-terrorist training.

Senator FAULKNER—Are there any plans for those drivers to go through anti-terrorist training?

Mr Gouldson—Not at this stage.

Senator FAULKNER—Is that not deemed to be necessary?

Mr Gouldson—Not at this stage. We have sufficient numbers in our permanent driver work force to cover the need we have at the moment.

Senator FAULKNER—Why would that be so? I mean, how do you make these sorts of judgments?

Mr Gouldson—The calls that we have for high-level security for customers are very small in number. As I said, because of the way redundancies have worked out, we currently have a high percentage of our permanent drivers trained to that level. We just currently do not have a need to train any additional drivers—whether they be casual or permanent—to fulfil that need. It is very expensive training, and there is no added value at this point in time.

Senator FAULKNER—Minister, did you have an opportunity to see whether you were able to provide me with that information on study bank assistance?

Senator Minchin—There is just one final matter that needs checking overnight. I am assured that I will be in a position to supply it first thing in the morning. I will get one of my staff to bring it up to whichever committee you are on in the morning.

Senator FAULKNER—That concludes MAPS. I appreciate the minister responding quickly to those questions on notice. This is obviously the establishment of a new pattern.

CHAIR—That concludes program 7. Thank you, officers. We will now move to Program 12—Australian Electoral Commission.

Senator FAULKNER—Before we do that, I wanted to chase up one thing. I did not hear all of the evidence in relation to consultants that was given earlier. Senator Ray asked you a number of questions in relation to a Mr Michael Wright, who I think was from the Millar Group and who had been a consultant with the MOPS staff. I think I expressed some surprise about the staff meeting. I perhaps misunderstood the situation and the terminology, that is, Mr Wright's being considered a consultant. As I understand it, there is a proposal for at least two facilitators. I do not know whether I have got the right terminology here. I wish to check this out. Is it proper to say that Mr Wright is the consultant that you referred to from the Millar Group?

Senator Minchin—He is the overall facilitator who was working for the department.

Senator FAULKNER—He is a facilitator; is that right?

Mr Hamburger—Yes. He is employed to facilitate our consultations.

Senator Minchin—But additionally there is a facilitator for each of the coalition and opposition staff groups, as I understand it.

Mr Hamburger—That is correct.

Senator FAULKNER—I think I got caught up on the term 'facilitator'. Mr Wright was being described as a consultant, not a facilitator. I think I misunderstood this. The facilitator to whom you were referring was Mr Wright. I thought he was one of the facilitators to the opposition or the government.

Senator Minchin—No, he is over and above that.

Senator FAULKNER—I appreciate that. What is the status of the government and opposition facilitators?

Mr Hamburger—Essentially, we are resourcing those large groups of staff and providing them with some support to help structure the consultations. We are funding a short-term temporary employee.

Senator FAULKNER—And there are two of those, did I hear Senator Minchin say?

Mr Hamburger—There will probably be three of those. There will probably be a third one for the Independents, Greens and the Democrats. But we need to establish with them whether they are interested and whether they are giving us sufficient access.

Senator FAULKNER—Have those facilitators been determined yet?

Mr Hamburger—They are in the process of being determined by the groups. I believe the first one has started.

Senator Minchin—They are making their own decision, aren't they?

Mr Hamburger—They are choosing a person, subject to our being satisfied.

Senator FAULKNER—The government staff will choose the government staff facilitator?

Mr Hamburger—Yes.

Senator FAULKNER—The opposition staff will choose the opposition staff facilitator, and there will be a similar process for the non-government minor parties and Independents.

Mr Hamburger—Yes.

Senator FAULKNER—I see. You spoke of a first meeting occurring today. That involved Mr Wright as the overarching consultant and facilitator. But I assume that did not involve any of either the government, non-government or minor party facilitators; is that right?

Mr Hamburger—It was a general meeting for staff. We put out a circular inviting people to come to that meeting, and 25 or 26 did come. It was facilitated by Mr Wright.

Senator FAULKNER—But would there not have been a weakness in that none of the other three facilitators was there?

Mr Hamburger—Not necessarily. We are looking at a range of different consultative mechanisms, of which these meetings are one. We are interested in talking to groups of staff, and the facilitators for those groups will be assisting with that. We are open to other approaches, and obviously we will also be talking to the union. But the meeting today and some of the other meetings scheduled are general staff meetings.

Senator FAULKNER—In terms of the government, non-government and minor party facilitators, for want of a better description—those three—it is a matter for the respective MOPS staff group to determine who those facilitators are?

Mr Hamburger—Yes.

Senator FAULKNER—Those people will attract some sort of salary and travel entitlement; is that correct?

Mr Hamburger—Yes, that is also correct.

Senator FAULKNER—That is all.

CHAIR—That completes program 7.

[10.38 p.m.]

Program 12—Australian Electoral Commission

CHAIR—We welcome Mr Gray and the representatives from the Australian Electoral Commission. Mr Gray, I understand you wish to make an opening statement?

Mr Gray—I wish to make a very short statement by way of opening. I would seek your approval to make a short statement in relation to certain comments made by Senator Ray during the hearings of this committee on 25 February 1998 that were directed towards my non-appearance before the committee.

Senator ROBERT RAY—They were not meant to be critical.

Mr Gray—I am sorry.

CHAIR—The commissioner is not being unduly sensitive.

Mr Gray—I wanted to clear up the record in case other people reading the *Hansard* thought you may have been.

Senator ROBERT RAY—I was not.

CHAIR—Go ahead.

Mr Gray—On the basis of what you have just said, I want to correct the record in that I had not been missing twice in a row. I wish also to indicate that the opportunity has been made available to both you and other members of the committee to inquire of me or present questions to me flowing from my evidence given on 4 June 1997. That opportunity was on 20 November 1997. I want to make it clear that I had not in any way had my leave motivated

by the fact that this committee was sitting in February 1998. It was leave which I had planned for some time.

Senator ROBERT RAY—What I was trying to do was reserve my right to chase up tonight something from 4 June. That would not seem so strange. However, I do have some advice for you, commissioner, from W. C. Fields: never follow an animal or a kid act. My advice to you is: never follow OGIA or MAPS.

CHAIR—Mr Gray, if you wanted to table that statement, the committee will accept it.

Senator ROBERT RAY—Take my assurances that I was noting your absence so that I could return to an issue that I raised on 4 June last year.

CHAIR—Any questions?

Senator ROBERT RAY—I might clear that up now. On page 531, Senator Faulkner asked you some questions about the appointment of the deputy electoral commissioner and a short list. The reason I did not follow it up on 20 June was that I had not had a conversation about this until some time in October. The one thing I wanted to get clear and ask you is: was there only ever one short list or was there a short list to which one name was added so that it became a short list?

Mr Gray—No, there was only ever one short list which was finally agreed by the selection advisory committee.

Senator ROBERT RAY—Thank you.

Senator FAULKNER—Mr Gray, can I ask what the status is of tenders for contracts for the new computer programs for the next election? Very briefly, where are we up to there?

Mr Gray—Very briefly, we are a member of cluster 3. The outsourcing has been concluded and signed off. We are in the process of what we call rolling out some of the new network, which we hope to have completed around the end of July. This is a network of PCs out across the whole of the organisation. There are other aspects, of course, of the IT outsourcing: mainframe, mid range and so on, and I can give you the—

Senator FAULKNER—I assume—but I probably do not know enough about these matters to make such an assumption—that some of this would be time critical because of the possibility of an election being called in the not too distant future. This is not intended to be a question with a lot of spin on it, but that is a possibility and it is something that the Australian Electoral Commission would obviously have uppermost in its mind. Are there any time critical factors in this? I suppose that is the issue that I am just going to explore briefly with you.

Mr Gray—Can I answer just generally and then I will defer to the Acting Assistant Commissioner on Information Technology. What is critical, of course, is that we have a system which our people are able to utilise and are comfortable with in the management of the electoral process. Until such time as the new network and new processes are in place, we will have access and continue to rely upon the old processes—the old network. Consequently, we will have two running parallel—one slowly catching up with the other—and, therefore, there is not going to be a point where there will be a gap, if you like, between the old and the new.

Senator FAULKNER—Is there a changeover point there?

Mr Gray—There will be a changeover point.

Senator FAULKNER—Is that a date you could give us?

Mr Gray—No, that is not a date at this point which we can properly identify because it does depend on the way in which the roll-out occurs, the training which occurs and the events which are under way when we reach that point. It may well be that, if an election were to be called and we were in the process of training and the roll-out, we would be relying on the existing system and the systems we have relied upon for many years.

Senator FAULKNER—Thanks for that. I think that is all the information I probably need to know. I understand that you have not got a changeover date, if you like. Is there a ballpark time frame? You must have in the back of your mind a period of a couple of months, I would have thought at worst, when that would probably occur.

Mr Hunter—Yes, we do. Towards the end of July we should have all our PCs rolled out. There will be some testing to do at that time. More importantly, we are leaving our old network in place so that, if an election is called at any time, we are prepared; we can just immediately stop the roll-out if we are not in a position to run with the new system or run part of the new system or, in fact, run with the old system.

Senator FAULKNER—I think I understand. Where is the tender process up to?

Mr Hunter—The contract for the tender for the outsourcing process under cluster 3 was signed on 31 March, I think. Are you referring to another request for tender that went out for the—

Senator FAULKNER—For the programs for the next election.

Mr Hunter—That was in relation to a newspaper article, I believe.

Senator FAULKNER—I am actually quoting a newspaper, which is always a risky business, of course.

Mr Hunter—That is a completely separate exercise from the outsourcing exercise.

Senator FAULKNER—Yes, sure.

Mr Hunter—That newspaper article actually misquoted what the requirement was. The requirement was, in fact, to just tender for contract services for maintaining and enhancing the existing election enrolment management systems. So this is a continuing process.

Senator FAULKNER—But is this a less time critical issue or not a time critical issue?

Mr Hunter—It is just a continuing process we go through every year.

Senator FAULKNER—So it not a time critical issue in that sense?

Mr Hunter—Not in that sense, no.

Senator FAULKNER—I think the compliance audit on the Australian Labor Party has concluded, is that right?

Mr Cunliffe—The compliance audit has concluded on the Australian Labor Party national secretariat. Mr Edgman is the director of the funding and disclosure area and he may have something to add, but the simple answer is: yes.

Senator FAULKNER—Is the concluded report finalised?

Mr Cunliffe—That is right, yes.

Mr Edgman—A report has been issued to the party.

Senator FAULKNER—Can you just let me know what compliance audits have been conducted in this calendar year? There is the Australian Labor Party. Who else have we got?

Mr Edgman—I have not got a list of the audits that have been conducted with me, but it is an ongoing program, as you understand, of audits. We have been progressing with the program all year and we achieve a coverage of all parties and across all states as part of that cycle.

Senator FAULKNER—So has the compliance audit of the federal secretariat of the Liberal Party been concluded? I am sorry, Senator Minchin will correct me if I have used the wrong term—you know what I am driving at.

Senator Minchin—That is all it is.

Senator FAULKNER—I was hoping I got the right terminology.

Senator Minchin—Federal secretariat. We are a federal party—

Senator FAULKNER—Federal secretariat of the Liberal Party.

Senator Minchin—Much to the Prime Minister's chagrin sometimes.

Senator FAULKNER—Has that been concluded?

Mr Edgman—It has not been concluded, no. It is actually under way at the moment.

Senator FAULKNER—When are you expecting that to be completed?

Mr Edgman—We would be expecting that to be concluded early next week.

Senator FAULKNER—The National Party of Australia?

Mr Edgman—Their national secretariat has not been audited as yet and I could not tell you off the top of my head just when that is programmed.

Senator Minchin—I thought it had closed down.

Senator ROBERT RAY—Not for running out of this building, actually.

Senator FAULKNER—It will probably close down after the Queensland election. The Australian Democrats?

Mr Edgman—From my recollection, I do not believe the national secretariat of the Democrats has been audited this year.

Senator FAULKNER—Let me just concentrate then if I can, Mr Gray, on the Australian Labor Party, which has been concluded, and the Liberal Party, which is close to being completed. What is your practice in relation to making those compliance audit reports public? Has there been a consistent approach to this in the past?

Mr Gray—I believe there has been a consistent approach. I will ask Mr Edgman to outline it for us.

Mr Edgman—The reports are considered confidential between the Electoral Commission and the parties. The Commonwealth Electoral Act actually provides for the Electoral Commission to report upon compliance investigations to the parliament, but it actually precludes us from reporting in any detail as to the particulars of the findings unless the commission believes that there has been a breach of the disclosure provisions of the act.

Senator ROBERT RAY—What is the method of reporting?

Mr Edgman—Well, the last report on compliance investigations to the parliament was made in the funding and disclosure report on the 1996 election, and we included a section on compliance audits in that report.

Senator FAULKNER—So, therefore, it would not be proper for you to make those compliance audits public in terms of the provisions of the act?

Mr Edgman—I do not believe so, no.

Senator ROBERT RAY—Could I ask the commissioner whether they were consulted by Treasury as to the figures Treasury put in the forward estimates as to a joint select committee proposal on tax deductibility of donations? There is a figure in the forward estimates, not for this financial year but through outyears, of approximately \$45 million over the three years. Were you consulted as to the calculation of that figure?

Mr Moyes—In the Treasury's development of that figure, yes, we were consulted for information that might assist in coming to that figure, but the figure itself was developed by the Treasury people.

Senator ROBERT RAY—We are puzzling about how they came to that figure. It is certainly not knowledge within DoFA, I don't think.

Senator Minchin—So was I, Senator Ray.

Senator ROBERT RAY—If you accept that even at the highest marginal rate of tax and company tax there is a mixture, you are looking at some massive political donations.

Senator Minchin—I would love to think that donations might be at that level, but I would be absolutely amazed that they would be at the level to generate that sort of reduction in revenue.

Senator ROBERT RAY—I take it the sort of advice Treasury asked you for was the level of political donations as recorded?

Mr Moyes—That was the sort of thing that was asked for, yes.

Senator ROBERT RAY—But how they could make a leap from there into this area is just bemusing.

Senator Minchin—I guess Treasury was inclined from their point of view to give a worst case scenario and from the party's point of view a best case scenario.

Senator ROBERT RAY—I would not like any reductions in public funding based on Treasury guesses. The tabulating of election results on election night is becoming even more of a mystery, even to those who have followed it. Will the figures in your computers in the upcoming election be expressed in primary votes or in preferred votes and is there a distinguisher put in? Do you not usually get primary results first and then add in preferred results because you get two lots of results from the booths? How do you distinguish there?

Mr Hallett—Probably the most popular screen on the computer system that is used on election night is the divisional results screen. It shows candidates, primary votes and swing figure. Then at the bottom of that screen there is a two candidate preferred figure. So both those results are available.

Senator ROBERT RAY—I might take that up privately with the commissioner at some stage. No doubt he will be having an explanation session for a few different people around the place. Could I ask a second question relating to the Senate, though? The Senate figures always come up much later. We all expect that and I would rather see the Reps figures first. The figures that you put up on the night—is there a disproportionate amount of 'tick it' votes included there and an underrepresentation of 'below the line', or is it pretty balanced?

Mr Hallett—In fact, there would be no below the line, because the only votes that are counted on polling night are above the line figures.

Senator ROBERT RAY—I thought that would be the case.

Senator Minchin—But 95 per cent of votes are above the line.

Mr Hallett—As Senator Minchin correctly states, more than 90 per cent of electors choose to vote above the line, but obviously in the week following polling day we start looking at below the line.

Senator ROBERT RAY—I just make that point because it is possible to misinterpret even the 90/10 ratio, given that the Democrats tend to be 40 per cent below the line, along with others—not Labor and Liberal. You can get a distorted view of what the quotas are.

Senator Minchin—You cannot do anything about that.

Senator ROBERT RAY—No, you cannot. I just wanted to confirm that was the case.

Mr Hallett—That quota that appears on the computer system on election night is a provisional quota.

Senator ROBERT RAY—Of course. We understand that. It is just that some people take it as gospel. I am sure, in fact, you could go to previous elections and put in a deflator based on previous voting figures. I just wanted to confirm that. Thank you.

Senator FAULKNER—I am sorry I do not have the act with me, but I think it is section 331. You will know. It is the section that relates to the possibility of furnishing of returns by government departments. Is that 331?

Mr Dacey—Section 331 is on electoral advertisements, Senator.

Senator FAULKNER—That might be right.

Senator Minchin—This is under disclosure?

Senator FAULKNER—Yes. I had a feeling it was 331. I am sorry—I should have checked it before I left the office and I did not.

Mr Edgman—I know the section you are referring to, Senator. I cannot recall the section number off the top of my head.

Senator FAULKNER—I am sorry about that. Have you got any proposals as to how that might be policed or applied?

Mr Edgman—Those returns are not actually made to the Australian Electoral Commission, so we do not have any role in policing those returns at all.

Senator FAULKNER—Who are the returns made to?

Mr Cunliffe—Senator, 311A requires—

Senator FAULKNER—It is 311, is it?

Mr Cunliffe—I think it is the one you are looking for. It actually requires departments in their annual reports to set out particulars. That is what the provision requires.

Senator FAULKNER—Could you just quickly read that section for me? Is it long? Do not worry about it.

Mr Cunliffe—I can talk quite fast, Senator, but it is about a page. In essence it requires departments—and by further definition that is broader than just departments—to report particulars of amounts paid by or on behalf of the Commonwealth department, et cetera, during the financial year to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations, and the persons or organisations to whom those amounts were paid, if it is more than \$1,500.

Senator FAULKNER—Does the Electoral Commission do any work in relation to ensuring that that particular provision in the act is complied with by departments? Do you consider it an obligation you might have to have at least an oversight of compliance with that provision?

Mr Edgman—No, we do not. And I think the JSC made a recommendation that that section should be moved out of the Commonwealth Electoral Act into more appropriate legislation, because we play no role.

Senator FAULKNER—I do not think they made a recommendation that it be moved into more appropriate legislation. I just think they made a recommendation that it be removed.

Senator Minchin—The officer is correct. That committee did believe it was inappropriately placed—not that the requirement should be dropped, but that it should be put in more appropriate legislation.

Senator ROBERT RAY—What is the more appropriate legislation?

Senator Minchin—We did not specify.

Senator FAULKNER—Annual reporting requirements under the Public Service Act or something like that?

Senator Minchin—I do not think we had in mind the specific vehicle but just felt that there must be some more appropriate way in which that information would be reported rather than through legislation relating to political parties.

Senator FAULKNER—So would it be fair to say then that, if this is something that does not appear to cause a great deal of concern for the commission, the commission might take no interest in blatant political advertising from a government department or agency in the lead-up to an election campaign?

Mr Gray—I do not think that we would say that we are totally uninterested. The question is whether we have the authority, and where the authority lies, to inquire into or to make some judgment in relation to that activity. At the moment, as I have understood it, the JSC has agreed that it appears that that particular section appears in the Electoral Act. But there seems to be no capacity or, indeed, responsibility on behalf of the AEC for its monitoring and implementation. The JSC have identified the need to find the right piece of legislation and thereby the right authority to monitor and to make judgments in relation to that section. So I do not wish it to be implied that we have a total disinterest and we are not interested. The question is: who has the authority to do something about it?

Senator FAULKNER—I have a developing interest in it, I have to say, and a developing interest—if it might happen to be deleted from the Electoral Act—in where it might bob up again. I am hoping that you, as the commissioner, will keep a weather eye on that particular provision in the act. After all, you have certain responsibilities in terms of the act, and until the act is amended we still have that provision there. Of course, it was something of which the Liberal Party was very keenly supportive. If my memory serves me correctly, it was the coalition in opposition that argued very strongly for that, Senator Minchin. Obviously, there has been a change of heart somewhere.

Senator Minchin—I think I am right in saying that our amendment bill does not take up that recommendation. That was a committee report.

Senator FAULKNER—I am talking about the recommendation of the committee.

Senator Minchin—Yes. All I am saying is that that recommendation was not picked up by the government.

Senator FAULKNER—But a majority of the committee determined it. It has a government majority. I am not making a political point about that; I am just asking to what extent the commissioner takes account of this. I appreciate that this is not easy, and it is one that probably does require a bit of examination as to how it is best dealt with. But it is still an important policy issue. The Business Council of Australia have flagged a prospective involvement in the next federal election campaign, particularly in relation to tax policy questions. How would any donations to the Business Council of Australia be treated for such a campaign that might be conducted by the BCA? I am using that as an example. I think it is a good example because it is one that has been publicly flagged. I suppose you could speak hypothetically about it, but it seems more sensible to deal with a tangible example. Would donations to the Business Council of Australia be considered donations in kind?

Senator HEFFERNAN—You could refer that question to the AMIEU and the various unions involved.

Senator Minchin—I think that Senator Faulkner is implying that this applies equally to the ACT and any other participant in an election campaign.

Senator FAULKNER—Absolutely. It is just that the trade unions might be aware of it and those who are donating to the Business Council of Australia might not. There may well be a difference there, Senator Minchin, which even you might acknowledge. I suspect that Senator Heffernan would not be bright enough to understand that, but I am sure that you are.

Senator Minchin—We will find out what the requirements are.

Mr Edgman—Where an entity other than a candidate or a political party incurs expenditure for a political purpose—and that would include publishing an electoral matter, broadcasting an electoral matter, running electoral advertisements and that sort of thing, and commenting on electoral issues during the campaign—if they have received any donations which they have used, either totally or in part, to fund that expenditure, they have to disclose those donations.

Senator ROBERT RAY—Up to a certain limit? Or do they have to disclose all donations or all donations as defined in the Electoral Act?

Mr Edgman—There is a limit. It is a very low limit these days, because they have not been indexed at all, if they have incurred \$1,000 of expenditure for a political purpose, so that is virtually any ad that they run. So, if they have incurred \$1,000 of expenditure for a political purpose, they have to disclose donations of \$1,000 or more that they have received and then used to fund that expenditure.

CHAIR—Senators, we are past the appointed time for closing down. Do you have many questions left on this topic?

Senator FAULKNER—I do not think we will go long. As I indicated to you, we certainly would not go beyond half past 11. I do not think we will go anywhere near it, frankly. I think it is sensible to finish this if we can, but it is a matter for you.

CHAIR—I just urge you to hurry up. I agree that it would be sensible to finish with the commission, if we can.

Senator FAULKNER—On this issue that we have been speaking of, at what point in the election campaign process would the AEC be advising a body like the Business Council of Australia? You can use any of the other examples that have been mentioned, but I prefer to use the Business Council of Australia because of some of the public statements that have been made. When would you be advising the BCA, for example, given the nature of a political campaign, of their requirements under the act—during the campaign or after the campaign?

Mr Edgman—We would advise them during the campaign, as soon as an electoral advertisement came to our attention.

Senator FAULKNER—So an officer of the AEC would monitor this sort of thing? That is a responsibility of someone?

Mr Edgman—During the election period from the issue of the writ my section actually monitors major newspapers and regional newspapers, and generally advertising campaigns on television and radio come to our attention as a matter of—

Senator FAULKNER—Have you had the experience in the past that some third parties, for want of a better expression—you know what I mean by a third party; it is those who are involved with third party bodies in the campaign—are very surprised at some of their obligations under the act?

Mr Edgman—Yes. Quite a few can be surprised at their obligations. The commission itself tried in the early eighties to run advertisements advising third parties of such reporting obligations, but it was not at all successful.

Senator FAULKNER—Have you yet been able to ascertain the commercial arrangements surrounding the loans made by the Greenfields Foundation to the Liberal Party? Have you made any progress on that one?

Mr Edgman—Until we have completed the audit of the federal secretary to the Liberal Party, we will not have any further information as to the loan agreement with the Greenfields Foundation. As we said at the last meeting, that is really at this point in time our only avenue for obtaining any information as to the terms and conditions of the loan and the party's adherence to those terms and conditions. So when the audit is completed—next week it should happen—we will be in a position to make some further judgment as to the commercial or non-commercial nature of the loan.

Senator FAULKNER—Unfortunately the committee will not be able to get the benefit of your advice at that time, so that is a little disappointing.

Senator Minchin—Well, as indicated before, in relation to any compliance audit, the commission is not allowed under the act to tell the committee all about the compliance audit. If there is any—

Senator FAULKNER—I did not ask about the compliance audit. I asked about other arrangements.

Senator Minchin—If there is anything in the compliance audit that indicates to the commission that there has been a breach of the act, they will, of course, take the appropriate action, and that will become known.

Senator FAULKNER—Mr Edgman, you said at the last hearing that the AEC had written a standard letter to Greenfields inquiring as to its status as an associated entity. I assume that there is no problem with standard letters like that being made available to the committee. That is a matter for the commissioner. I don't know.

Mr Edgman—Can I clarify that, Senator? Do you wish to see the general form of such a standard letter? I think that might be more straightforward than getting to individual letters.

Senator FAULKNER—I was going to ask the commission whether we could have a copy of that letter. I wondered also if we could have a copy of a letter that Mr Bandle wrote back on behalf of Greenfields.

Mr Gray—I would like to take that on notice, if I could. I think that I would like to give due consideration to that request. It is, I think, going to the correspondence as between the AEC and a specific organisation—entity. It is one thing, I think, going to the general letter, to which Mr Edgman has referred; maybe it is another to go to the specific correspondence that has passed between the AEC and an organisation. I would like to see some advice on that as to whether or not it would be proper to release that letter to you.

Senator FAULKNER—I appreciate that. Please take that on notice. When you describe the Greenfields Foundation as an ‘entity’—

Mr Gray—No, it is not anything that immediately allows us to come to a particular view. As you well know, it is an issue that is the subject not only of a recommendation that we now make but an amendment that has now been—

Senator FAULKNER—It is not an associated entity, is it, Mr Gray?

Mr Gray—We have not identified that as yet.

Senator FAULKNER—Because it is not an associated entity, I would ask in your consideration, as you properly take on notice—you want to give that some thought; I appreciate that and acknowledge that that is a proper course of action—you take into account that it is not an associated entity. I hope that at this stage it has not been defined as such.

Mr Gray—Nor determined as such—whether it is or is not.

Senator FAULKNER—It has not been determined as such, yes. I would assume that if it had been determined as such, there might be a different view that you would have about this sort of correspondence. That is a matter for you. I appreciate your taking it on notice. I have to say to you that I would like to know those elements of the trust deed that state the objects of the foundation. If you can make that available to the committee, that would be most helpful also. You might give that some consideration, too.

Senator HEFFERNAN—I have a few quick questions. I will put a couple on notice to save time. You mentioned earlier that you have completed the audit of the Australian Labor Party. In the context of that audit, was the identity of Emily’s List included in the audit?

Mr Edgman—Emily’s List is not part of the national secretariat of the Labor Party, so it was not subject to that audit, no.

Senator HEFFERNAN—The document here states that Emily’s List will not be part of the control of the national executive of the ALP, but it includes parliamentarians, branch members and women unionists from across Australia. The Australian Securities Commission lists Emily’s List as a registered body with a registered number. That Emily’s List was not included in your audit indicates, therefore, that it is a separate entity; is this correct?

Mr Edgman—That is correct.

Senator HEFFERNAN—Has the Electoral Commission established whether Emily’s List is an associated entity?

Mr Edgman—No, we have not. At this stage, we do not have all the details. We intend to be in contact with the directors of Emily’s List and seek some further information.

Senator HEFFERNAN—Will that be to seek out whether it is an associated entity under section 287 of the Electoral Act?

Mr Edgman—Section 287 provides the definition of an associated entity. We will be writing to Emily’s List and asking for some information as to its operations, controls and so forth,

so that we can make a judgment as to whether we believe it may fall within the definition of an associated entity.

Senator HEFFERNAN—To assist the committee, Emily's List states on its web site—and I have to say that that is a web site that is prepared by Labor Net Projects—that it will operate on a national basis and assist endorsed Labor women candidates standing for election in winnable state and federal electorates. By its own admission, I would have thought that that would make it an associated entity under section 287 of the Electoral Act. I would be pleased to see the outcome of your correspondence. As Senator Faulkner mentioned, I would be interested to see a copy of any correspondence that you could make available to the committee in those deliberations. I will put the rest of my questions on notice.

Senator FAULKNER—Emily's List's accounts are publicly available, are they not?

Mr Edgman—That is correct.

Senator FAULKNER—Are the Greenfields Foundation's accounts publicly available, Mr Edgman?

Mr Edgman—Because they are a foundation, they are not.

Senator FAULKNER—No, so there is a very significant difference here. Have you contacted—

Senator ROBERT RAY—There is a similarity. They are probably both associated entities.

Senator FAULKNER—Have you contacted Ms Joan Kirner, who, I am sure, is certainly one of the office holders of Emily's List, about this matter yet?

Mr Edgman—We have not. We intend to do so shortly.

Senator FAULKNER—I am sure that you will find that, unlike the principals of the Greenfields Foundation, you will get a great deal of cooperation. That was probably a pretty dopey thing for Senator Heffernan to raise at the committee.

CHAIR—Any further questions?

Senator FAULKNER—I will put the rest of mine on notice.

CHAIR—If there are no further questions, that completes program 12. Thank you, Mr Gray and officers of the commission. We are sorry to hold you up so late in the night. Thank you, Minister. Thank you, staff. Thank you, Hansard.

Committee adjourned at 11.18 p.m.