



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION
COMMITTEE

Consideration of Supplementary Estimates

TUESDAY, 28 NOVEMBER 2000

CANBERRA

BY AUTHORITY OF THE SENATE

SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE

Tuesday, 28 November 2000

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

Senators in attendance: Senators Brandis, Conroy, Faulkner, Lundy, Mason, Murray and Ray

Committee met at 7.32 p.m.

FINANCE AND ADMINISTRATION PORTFOLIO

Consideration resumed from 24 November 2000.

In Attendance

Senator Vanstone, Minister for Justice and Customs

Senator Ian Macdonald, Minister for Regional Services, Territories and Local Government

Senator Ellison, Special Minister of State

Department of Finance and Administration

Dr Peter J. Boxall, Secretary, Department of Finance and Administration

Alastair Hodgson, General Manager, Business Services Group

Outcome 3—Efficiently functioning Parliament (Ministerial and Parliamentary Services)

Roger Fisher, General Manager, Ministerial and Parliamentary Services

John Gavin, Special Adviser

Malcolm Pye, Branch Manager, Executive Projects

Paul Goodwin, Branch Manager, Service Centre

Christine Briton, Manager, Human Resources

Sue Whisker, Account Manager

Greg Miles, Account Manager

Carolyn Hughes, Account Manager

Daryl Wight, Chief Operating Officer

Julia Burns, Business Services Group

Australian Electoral Commission

Mark Cunliffe, Acting Electoral Commissioner

Paul Dacey, Acting Deputy Electoral Commissioner

Barbara Davis, Acting First Assistant Commissioner

Tim Pickering, Assistant Commissioner, Information Technology

Fiona Codd, Acting Assistant Commissioner, Corporate Services

Brad Edgman, Director, Funding and Disclosure Section

Office of Asset Sales and Information Technology Outsourcing

Ross Smith, Chief Executive

Simon Lewis, Deputy Chief Executive

David Yarra, Executive Director
Mark Heazlett, Senior Director
Tony Eaton, Senior Director
Robin Renwick, Senior Director
Julia Cowling, Senior Director
Neil Williams, Senior Director
Trixie Makay, Senior Director
John Bridge, Senior Director
Rod Whithear, Senior Director

CHAIR—I declare open this public hearing of the Finance and Public Administration Legislation Committee. We are continuing the budget estimates 2000-01 supplementary hearings. This is the third day of consideration of those matters notified to the committee secretariat in writing as required by standing order 26 (10). The committee concluded its examination of the parliamentary departments and the Prime Minister's portfolio on Wednesday 22 November, and two of the three nominated output groups in the Department of Finance and Administration on Friday 24 November. Today we will resume examination of the Finance and Administration portfolio. We will begin with examination of the Office of Asset Sales and Information Technology Outsourcing, followed by output group 3.1, ministerial and parliamentary services in the Department of Finance and Administration in continuation, and then conclude with the Australian Electoral Commission. The committee has set 19 January 2001 as the date for the submission of written answers to questions taken on notice.

I remind you all that this committee is continuing to monitor the format of the portfolio budget statements and would welcome any comment on that documentation. I welcome Senator Vanstone, representing the Minister for Finance and Administration, and officers from the Office of Asset Sales and Information Technology Outsourcing. Senator Vanstone, do you wish to make an opening statement?

Senator Vanstone—Only to say how nice it is to be here, Senator Mason, and to see your lovely face.

CHAIR—It is delightful to see you, Minister. In that case we will move on to general questions.

[7.33 p.m.]

Office of Asset Sales and Information Technology Outsourcing

Senator FAULKNER—I do not think I will be delaying the committee very long before Senator Lundy moves to her more professional cross-examination of this agency, but I did want to very quickly ask OASITO whether there have been any efforts on behalf of OASITO to seek some public relations advice recently.

Mr Lewis—The answer to that is yes, in relation to the Australian Submarine Corporation.

Senator FAULKNER—Could I ask which public relations firm you sought assistance from?

Mr Lewis—We propose to appoint Burson-Marstellar, following our usual competitive tender process.

Senator FAULKNER—Where is that process up to?

Mr Lewis—We have been through the selection process, and we have concluded selection reports. I do not know for sure whether or not we have signed the contract but we are in the process of doing so.

Senator ROBERT RAY—Did you go to the Government Communications Unit for the full list?

Mr Lewis—Yes.

Senator ROBERT RAY—I thought you would have.

Senator FAULKNER—In relation to the Australian Submarine Corporation, are those the only recent discussions OASITO has held with any public relations firm?

Mr Lewis—That is the only appointment we are making in relation to this office at this stage.

Senator FAULKNER—What do you mean by ‘at this stage’?

Mr Lewis—From time to time, we appoint communications consultants for different roles. For example, we appointed a communications consultant in the course of Telstra 2, and at some future point we may wish to appoint a communications consultant for another role. But at this stage, in this selection exercise, the appointment was simply for the Australian Submarine Corporation.

Senator FAULKNER—So you did not seek any assistance or advice or have any preliminary discussions with any communications or public relations firms following the report of the Auditor-General and publicity surrounding that report?

Mr Lewis—That is correct. When the invitations went out, we sought invitations from prospective communications consultants in relation to several projects. In light of the proposals submitted, we have decided to appoint the communications consultant for the Australian Submarine Corporation project.

Senator FAULKNER—So you can categorically state to this committee that you have not been seeking any advice or public relations services surrounding the Auditor-General’s report or the IT outsourcing process more generally?

Mr Lewis—To my knowledge, that is correct.

Senator FAULKNER—And OASITO has not been involved with Jackson Wells?

Mr Lewis—Not that I am aware of. They were a party invited to tender for the role, so I had discussions with them in the context of that. We interviewed that party but they were not appointed.

Mr Smith—The scope of the invitation was for a communications adviser for the office, and we reserve the right to appoint for individual projects. Having been through the interviews, we will only be appointing for the Australian Submarine Corporation sale.

Senator ROBERT RAY—This is a recommendation. You were given a short-list by the Government Communications Unit?

Mr Smith—I understand so, Senator. We got names from that body.

Senator ROBERT RAY—What was the process of appointment?

Mr Lewis—Perhaps I could run through that. We sent out invitations, from memory, to nine firms of which about five or six responded. We interviewed four, and that process

involved an interview panel which included two independent panel members appointed by the minister in the usual manner. A selection report was produced based on that selection panel.

Senator ROBERT RAY—What is the estimated cost of retaining the firm that won?

Mr Lewis—The initial phase is estimated to cost around \$30,000 to \$35,000. I cannot recall the exact number but I think it might be \$35,000 from memory. Thereafter, a low-level retainer cost is our expectation but it will depend on circumstances. From time to time, if particular issues arose, it might cost a little bit more. If you are after an order of magnitude, significantly under \$100,000 would be my estimation.

Senator FAULKNER—Can you confirm to the committee that the activities of that particular consultant will be limited strictly to the Australian Submarine Corporation?

Mr Lewis—That is the entire scope of work for the consultancy.

Senator LUNDY—Mr Smith, you said that you reserve the right to get that communication consultant to do other work. What do you mean by that? Is it within the scope of their contract that you could assign them other duties?

Mr Smith—Not under the contract we are contemplating with Burson-Marsteller.

Senator LUNDY—If you were to assign them other duties, would you need to re-tender for that or are you in a position to extend their current terms?

Mr Smith—You are always in a position to vary a contract, but we would have to have a look at that on a case by case basis. It is our presumption that we should seek competitive bids wherever possible, but there is no hard and fast rule for us as to what we would do in a particular circumstance, other than that it is our general principle that we would seek competitive quotations or bids for a particular assignment. At this point, we have decided only to engage Burson-Marsteller for the Australian Submarine Corporation. That is the scope of work and that is what they have costed. If, for example, a big transaction came up for which we needed to appoint another communications adviser, we are not bound to go to Burson-Marsteller—that is clear in the contract—and we would probably go to competitive quotes, as we would normally do.

Senator LUNDY—But if it was only a small variation to get some advice on another issue you could extend the terms of their contract. What would the process for that be?

Mr Smith—If it was an entirely different project, you would have to have regard to factors such as whether Burson-Marsteller was the appropriate party to do it, who had particular skills, the fairness of extending the contract and whether someone else should be able to get the work—all those factors have to be taken into consideration. It would be my expectation—we are talking theoretically here—that we would seek competitive bids for any additional work outside the Submarine Corporation.

Senator LUNDY—You would?

Mr Smith—Yes, it would be my expectation. That is correct.

Senator LUNDY—I would like to ask some general questions about IT outsourcing. Can you tell the committee in summary what some of the global trends are with government IT outsourcing, for example, in Canada?

Mr Smith—I could not give you a definitive answer on that. We could take that on notice and get back to you.

Senator LUNDY—Are you familiar with the term ‘backsourcing’?

Mr Smith—No, I am not.

Senator LUNDY—Apparently it is happening a lot in Canada where they have found that, because of issues encountered with IT outsourcing, it is suiting the Canadian government to backsource more, to once again take their IT back in-house. In terms of OASITO, what resources do you have monitoring international trends in outsourcing generally?

Mr Smith—We have no dedicated resource undertaking that function. We do rely on our strategic advisers, if appropriate. We have no-one specifically dedicated, from an OASITO resource perspective, to monitoring trends internationally. We rely on information that might be fed to us from time to time by Shaw Pitman, who are our current strategic advisers.

Senator LUNDY—Is it within the terms of their contract to keep you abreast of international trends and issues relating to IT outsourcing?

Mr Smith—Not specifically, but it would be captured under the title ‘strategic advice’ in my view. Incumbent in providing us with strategic advice, you would have to presume that they would be monitoring the international marketplace.

Senator LUNDY—You should be able to tell me if they are or not because you would be in receipt of that advice, wouldn’t you?

Mr Smith—Yes, they do provide us with strategic advice on this initiative.

Senator LUNDY—In relation to international trends and issues?

Mr Smith—No, they provide us with strategic advice on what is appropriate in terms of outsourcing for this particular transaction. We are not in the process of challenging the fundamentals of this project; we are implementing a project and, where there are trends or any issues that come up from time to time based on past experience within the initiative or elsewhere, we try to pick that up and implement wherever we can those lessons learnt. But if you are asking us whether someone is out there monitoring worldwide trends then probably not.

Senator LUNDY—Would it be a job for perhaps the Department of Finance and Administration or, indeed, the minister’s office to keep abreast of such trends, given the insights such lessons could provide to the management, conduct and implementation of OASITO in this initiative?

Mr Smith—I would be offering a personal view, but I think that we have an outsourcing framework that is being implemented under our initiative which we believe is fundamentally sound and, to the extent to which policy things are taken into consideration, that would essentially be a DOFA responsibility for outsourcing policy. OASITO, as you probably appreciate, is an implementation agency and we are implementing the government’s IT outsourcing initiative. That does not mean that we sit there and slavishly go forward project by project without having regard to what has happened to us within our initiative and in other areas. We do not. We try to pick up the lessons that are learnt to make the particular process that we are implementing more effective.

Senator LUNDY—Who does provide the policy advice to the minister on IT outsourcing if you are the implementation agency?

Mr Smith—My understanding is that that would be DOFA’s responsibility for outsourcing policy.

Senator LUNDY—DOFA says it is you. Are you disagreeing with Dr Boxall?

Mr Smith—What I can say to you is that OASITO's charter is to implement the IT outsourcing initiative.

Senator LUNDY—Very specifically, the Department of Finance and Administration has said that OASITO is responsible for this initiative and you are accountable directly to the minister.

Mr Smith—That is correct. That is exactly what I am saying. We are accountable for the implementation of this initiative approved by the government.

Senator LUNDY—But not for providing policy advice to the government?

Mr Smith—Not in terms of pure policy as to what should be outsourced and what should not be outsourced. We are obviously responsible for providing advice on an ongoing basis to the minister in relation to this particular initiative. When you go to the market, how you go to the market and all those sorts of things on strategic implementation issues we are constantly providing advice on but, in terms of pure policy framework, we are not a policy framework organisation, we are an implementation agency.

Senator LUNDY—Do you have anyone within OASITO that is employed, for either all of their duties or part of their duties, to prepare policy advice?

Mr Smith—Not at all.

Senator Vanstone—If I may, Mr Chairman, I think that has been asked and answered. You asked that question, as I recall, quite specifically, about 10 minutes ago and you now put it again. It is either because you forgot you asked it or because you are trying to unsettle the public servant who is doing his best to give you good and honest answers. If you ask a question, you get an answer and you have to accept the answer and move on. Ask as many questions as you like but don't repeat the same question.

Senator LUNDY—Are you finished?

CHAIR—Senator Lundy, go ahead.

Senator LUNDY—I am waiting for the officer to answer the question. I am just seeking clarification, given he is contradicting previous evidence heard at an estimates committee last week.

Mr Smith—I can only repeat that we have no person responsible for policy development in relation to outsourcing within OASITO.

Senator LUNDY—Are you in a position to tell the committee what the relative attractions for IT outsourcing in the private sector are as opposed to the government sector?

Mr Smith—I am not qualified and I do not think it is appropriate for me to comment on that. I can comment on the IT outsourcing issue in relation to this framework that I am implementing, but beyond that it would not be appropriate for me to comment.

Senator LUNDY—Do you still have a private sector panel advising you on implementation issues?

Mr Smith—I am not aware that we ever had one.

Senator LUNDY—I recall a panel that was accessible by OASITO, or perhaps OGIT, consisting of some 30-odd business people.

Mr Smith—I have been responsible for this initiative for about three years now and there has been no such panel that I have had to consult with, liaise with, talk to or seek guidance from during that time.

Senator LUNDY—I am sure I could find it in the *Hansard*. I am sorry, Mr Yarra, you were going to say something?

Mr Yarra—I was just going to say that.

Senator LUNDY—Do you have any process through which you consult with the private sector, outside of direct negotiations with potential vendors, about this program?

Mr Smith—Yes, we have talked about that on many occasions with you previously. We are in constant dialogue with industry. In any given week there are several industry participants who come through my door, and we talk about issues relevant to the initiative—difficulties they may be facing, things they find to be working well and a whole range of matters which we conduct on a very regular basis. We think that dialogue is very healthy. We very consciously decided from the outset of this project to have a very open door arrangement for industry, and I must say that I am extremely pleased with the way in which industry has taken up that offer. They are very willing to come through the door and talk to us about issues. We certainly have a lot of small and medium enterprises that come through the door either wanting to participate and do not know how to or seeking guidance from us as to the sorts of things they should do to become an effective subcontractor, prime or part of the small agency program. We are constantly providing advice to those players outside the normal tender processes.

Senator LUNDY—Can you tell me who within the department of finance is responsible for providing policy advice to the minister for finance on this issue? Minister, I will just clarify that I am seeking the officer's assistance because I am finding it very difficult to get a clear run on who exactly is accountable within the department of finance or agencies thereof for policy advice on this issue.

Senator Vanstone—That is fair enough.

Mr Smith—I cannot give you a name; I am sorry.

Senator LUNDY—Is that because you do not know?

Mr Smith—It is because I do not know; that is correct. I could have a guess but I might send you up the garden path, so I would rather not.

Senator Vanstone—Mr Chairman, it is appropriate that questions to these public servants be on the issues for which they are responsible.

Senator LUNDY—In asking that question, I did seek your advice, Minister. Could I put on notice a formal request through OASITO—or perhaps through you, Minister—to the department of finance to get advice on exactly which officers and which section of the department of finance have responsibility for—

Senator Vanstone—I will take that on notice. I do not think that it is an appropriate question for this body.

Senator LUNDY—I am afraid this is the last chance I have for this round of estimates and I am going to take it.

Senator Vanstone—I will take it on notice and send it to the minister. You might like the opportunity to identify what sort of policy advice you mean.

Senator LUNDY—At this stage, I would be happy to find out whether anyone is providing any policy advice at all on these issues—

Senator Vanstone—Okay, I will take that on notice.

Senator LUNDY—because at the moment we have one part of the department saying they are not—

Senator Vanstone—That is good.

Senator LUNDY—yet they point the finger there saying they are not. At the moment it is anyone's guess.

Senator Vanstone—I am very happy to take it on notice.

Senator LUNDY—Thank you. Indeed, if it is not coming from within the department, where is it coming from? Someone is advising the minister. If they are not, then we can hold him completely responsible for all of this, which we will anyway. Does OASITO still pay Shaw Pitman for advice?

Mr Smith—That is correct.

Senator LUNDY—Why?

Mr Smith—We have a contract with Shaw Pitman to provide advice to OASITO, as we have declared to you on numerous occasions in this forum.

Senator LUNDY—Yes, it has recently been highlighted in the National Audit Office report too. How much are the current terms of that contract? Have they differed since the details provided in the Audit Office report?

Mr Smith—No, they have not differed since we had the Audit Office report.

Senator LUNDY—In terms of that contract, was it set in a US dollars amount?

Mr Smith—That is correct.

Senator LUNDY—What is the current rate under that contract? Just remind me?

Mr Smith—Do you mean the designated exchange rate? I would have to find that out and put it to you in writing.

Senator LUNDY—In recollection, at the time of the Audit Office report, I think there was one partner level officer on \$US85,000 per month—was it?

Mr Smith—I assume what is in that report is factual. Whatever is there would be correct.

Senator LUNDY—How many officers of Shaw Pitman are currently on the books?

Mr Smith—Four.

Senator LUNDY—Have there been any changes to that since the Audit Office report was published?

Mr Smith—No.

Senator LUNDY—No-one has left?

Mr Smith—No.

Senator LUNDY—All still there, providing the same advice?

Mr Smith—Four still there, that is correct.

Senator LUNDY—Have you done a calculation as to the level of exposure that has occurred as a result of Shaw Pitman's contract being in US dollars and the recent dive of the dollar?

Mr Smith—I will check for you.

Senator LUNDY—Thank you.

Mr Smith—Sorry, we do not have the information here, unfortunately, but we can do that calculation and make it available to you.

Senator LUNDY—Thank you for taking that on notice. I do not know if I have ever asked this before, but why did OASITO decide to pay Shaw Pitman in US dollars, particularly given the work done previously by the Australian National Audit Office on the risks of that type of exposure to foreign currencies in government contracts?

Mr Smith—My recollection is that Shaw Pitman was only prepared to enter into a contract in US dollars and not Australian dollars, but we could go back and check the detail of that for you as well.

Senator LUNDY—And provide me with any correspondence that relates to that negotiation?

Mr Smith—We can certainly do whatever is possible without breaching any commercial arrangements between us and Shaw Pitman. We will do what we can to provide you with the fullest information we can.

Senator LUNDY—If you decide, for whatever reason, that you do not want to provide this committee with information for reasons of commercial in confidence, I expect you also to provide a full written explanation as to the grounds under which you are claiming that.

Mr Smith—It is not a matter of whether I want to or not; it is a question of whether I can. If I can I will, and we will do our very best to give you the fullest information possible.

CHAIR—If it is on the specific issue as to why the contract was negotiated in US dollars, perhaps you can do that to the exclusion of other potential commercial in confidence.

Mr Smith—We will do whatever we can to give you the background information.

Senator LUNDY—You say that it is not a matter of choice, that it is whether you can or not. What is your measure of whether or not you can or cannot?

Mr Smith—I think we have been through this on several occasions as well. We have to have regard to whether divulging information is going to commercially damage the Commonwealth or the party involved, and that is a question of judgment. What none of us want, I suspect, is for the Commonwealth's position to be jeopardised in future contracting arrangements. As you know, we have always endeavoured to make available, through what we consider to be the appropriate means, all information on contracts. As you would have seen in the recent audit report, the ANAO had absolute, unfettered access to every piece of paper that was produced on this initiative, including all the background information in relation to these contracts, the contracts themselves, and they had access to records of all kinds that they wanted to have access to. We cooperate with that fully and believe that is a very good model, and the auditor has reported quite extensively on, in this case, the Shaw Pitman contract amongst others.

Senator LUNDY—I know I am being a little pedantic about this but it is, for obvious reasons, an issue that continues to emerge during this and other estimates when we are dealing

with public/private sector relationships. Please, as I asked before, can you be very specific about what constitutes something potentially commercially damaging to the Commonwealth? I am interested in the specific justification for that claim.

Mr Smith—Senator, it is very important to protect the integrity of the system or the process to protect the commercial interests of all parties. If a company has a bid in and we have accepted, divulging the price structure of that company could mean that the company would in future not be prepared to participate in government work. That would be an example where the divulging of information could deter someone from participating in government procurement, which would be an outcome that none of us would want. On the other hand, we are particularly sensitive of the need for transparency and I do not think we have ever been able to be justifiably criticised in OASITO for not making available the appropriate information to the appropriate people on any occasion. I very passionately hold the view that there is a need to be transparent but there is also a need to protect the commercial interests of all the parties. As I said, we made available all of the information on Shaw Pitman to the auditor.

CHAIR—Excuse me but parliamentary business has intervened.

Senator Vanstone—I will ask the committee to stop until I return because I have not got a pair.

CHAIR—We will adjourn until the minister and I return.

Proceedings suspended from 8.02 p.m. to 8.11 p.m.

Senator Vanstone—I have some information that might be of assistance to Senator Lundy. The question of commercial-in-confidence—it has been going on for the 16 years that I have been here—is a longstanding issue. You might like to go to estimates committees E or F in the 1980s regarding how much Geraldine Doogue was paid, which is, I think, the first time the matter was raised in my time here. It was revealed that she had—and so did a whole lot of other people in the ABC—commercial-in-confidence clauses put into her contracts. In fact, it would not surprise me if they were all still there. You could also look at reports of the legal and constitutional affairs committee that have considered this issue, and it has also arisen in their estimates. In particular I will refer to the fees that the Commonwealth pays to barristers. For a period of time they enjoyed the privilege of no-one knowing how much they were paid, whereas the world at large knows how much we pay to the gentlemen who makes these chairs. You might look at that. You could also look at—

Senator LUNDY—Minister, with due respect—

Senator Vanstone—If I may finish—

Senator LUNDY—You are wasting time and I would rather get on with my questions.

Senator Vanstone—Senator, you have repeated a couple of questions. I am just putting on the record a couple of things that might be of assistance. You do not have to take any notice of them.

Senator LUNDY—I will not, so do not bother.

Senator Vanstone—There is one more that you might like to look at. The same committee inquired into, I think, the Working Nation contracts and why we could never find out how much Bill Hunter was paid. You know the Bill Hunter who did the Labor Party ads for free because he felt so strongly about it? He in fact did the Working Nation ads, of course, and was paid a sum of money which is believed to be a very substantial sum. The mechanism used

there was not commercial-in-confidence. Your government, as it then was, contracted the job out to someone else who subcontracted the job to Bill Hunter and therefore parliament was never able to know how much he was paid by the taxpayers of Australia and was unable to make any assessment of whether that amount of money contributed to him offering to do the Labor Party ads for nothing. I thought you might find all that very useful so I thought I would pop back and let you know.

Senator LUNDY—Thank you for indulging yourself, Minister.

CHAIR—Welcome to Senator Macdonald.

Senator Ian Macdonald—Thank you.

Senator LUNDY—I would like to turn to the issue of the treatment of assets under the contracts generally, and then I want to turn to the Australian National Audit Office report and the methodology issues. Can you explain the treatment of IT assets under the terms and conditions of the IT outsourcing contracts that OASITO has negotiated?

Mr Yarra—The treatment of assets in the IT outsourcing initiative is relatively straightforward. The agencies own the assets up to the point of contract signature, and those assets transfer to the outsourcer at the point of contract signature. From that day forward the agencies do not own the IT assets that are used to deliver the outsourced services.

Senator LUNDY—Does that include all the assets? For the purpose of clarity, does it include the hardware, the PCs, the servers, the mainframes, the network connections, et cetera?

Mr Yarra—Correct. We contract for the delivery of a service and the vendor gathers together the wherewithal to deliver that service, including the software and the hardware. The only asset that I can think of that is not transferred is the cabling within agency buildings.

Senator LUNDY—What is the normal depreciation treatment of these assets?

Mr Yarra—Treatment where?

Senator LUNDY—Not in these contracts but in the marketplace generally in accounting terms.

Mr Yarra—How does the industry depreciate?

Senator LUNDY—Yes.

Mr Yarra—I do not know the answer to that. I presume they depreciate in a conventional way that is consistent with tax and accounting principles.

Senator LUNDY—How do those assets depreciate under the terms and conditions of the contracts?

Mr Yarra—The answer to that question is the same. The assets become the property of the outsourcer. They go onto their asset book and they are treated the same as all of their other assets. So the answer is the same. We cease to be asset owners in relation to the assets that are used to deliver the services.

Senator LUNDY—In the case of the proposed group 9 tender, how would you treat, for example, their super computing hardware?

Mr Yarra—That is the subject of a scoping study at the moment, that is not final yet. That study is being used to define the boundary of the outsourcing as opposed to what remains in-house. I cannot answer the question on the super computer at this stage.

Senator LUNDY—I am trying to get an insight into the sorts of values of assets that are handed over and how that is offset in terms of any pricing arrangements. In terms of the assets being handed over to the private company, what is the sort of pricing exercise to value those assets?

Mr Yarra—That is done on a case by case basis by each group. The assets are not handed over, they are sold. The sale of those assets to the outsourcer is captured in the final arrangements. In my experience, the assets are most certainly transferred at a proper value reflected either in a transfer price or reflected back through the unit pricing in the contract, one way or the other. But a proper asset valuation is reflected in the arrangements entered into with the outsourcer.

Senator LUNDY—At the conclusion of the contract—say the five years is up and you do not pursue your two-year option with a given external service provider—what is the situation facing the agency in terms of computing equipment?

Mr Yarra—I know where you are leading: it is about the treatment of assets in the methodology. We have to make assumptions when we do our modelling and our financial analysis. The assumption we make is that it is government policy that agencies shall outsource subject to the outcome—

Senator LUNDY—That is not the answer to the question. I know where you are leading, but I would like the answer to my question.

Mr Yarra—I am about to answer the question. We assume that agencies remain outsourced—that they move from one outsource provider to another and they continue to contract their IT services.

Senator LUNDY—I am going to ask you a hypothetical question. I am going to seek the minister's indulgence because it is a really important one.

Senator Ian Macdonald—You cannot do that. This is about estimates; it is not about hypotheses.

Senator LUNDY—It is a key point with respect to the Audit Office report. I think Mr Yarra and Mr Smith understand that. If an agency chooses not to proceed with outsourcing at the conclusion of a five-year contract, do they have any of those IT hardware assets in their possession at that time?

Mr Yarra—My answer is that the agencies have not got that choice.

Senator LUNDY—The answer is that they do not because they have sold them to the vendor, isn't it?

Mr Yarra—Because it is government policy that they outsource their IT.

Senator LUNDY—Fine. But the answer is that they have no assets at the conclusion of the contract.

Mr Whithear—I might add to that if I can. The contracts that we enter into preserve a range of flexibilities for the agencies concerned, one of which is for them to take possession of those assets should they require it, either during the term or at the end of the term of the contract.

Senator LUNDY—But that would require some sort of financial remuneration to the vendor, would it not?

Mr Yarra—If that were to occur, the asset transfer back in would need to be recognised by a transfer price, but we do not assume—

Senator LUNDY—That is my point.

Mr Yarra—We not assume that in our modelling.

Senator LUNDY—Let us take it where we know it is going. This is the issue underlying the difference in the methodologies between the ANAO's assessment of savings and the department of finance's assessment of savings, isn't it?

Mr Yarra—It is one of the drivers of that difference in view, correct.

Senator LUNDY—Can you tell me the difference between a finance lease and an operational lease?

Mr Yarra—Sorry, Senator. Can you please repeat the question?

Senator LUNDY—Can you tell me the difference between a finance lease and an operational lease?

Mr Yarra—The accounting difference?

Senator LUNDY—Yes.

Mr Yarra—I am not an accountant. I do not know the technical difference between the two.

Senator LUNDY—Could you tell me in practical terms as far as these contracts go, given that there has been some discussion about whether or not the terms and conditions of these contracts have reflected the nature of a finance lease or an operational lease.

Mr Yarra—We have taken expert advice and we have been told that the characterisation of the arrangements in the IT outsourcing cannot be categorised as a finance lease. That is our expert advice.

Senator LUNDY—Could you take that on notice and provide the committee with a full explanation in accounting terms with references to what they have got to do with your contracts.

Mr Yarra—We will get a textbook explanation of the difference between the two.

Senator LUNDY—Thank you. The Audit Office report, in the chapter on agency cost savings, at paragraph 7.8, says:

ANAO notes that the financial evaluation methodology adopted in the Cluster 3, ATO and Group 5 tender evaluations did not capture all the relevant costs. In particular, the methodology applied did not appropriately recognise end-of-period agency assets—

precisely the issue we have been discussing—

and the costs arising from the Commonwealth's obligations in respect to the assets expected to be used by tenderers in delivering the services.

In terms of that particular finding, the recommendation from the Audit Office—recommendation No. 12—says:

That in order for the evaluation to identify the true financial value to the Commonwealth of future IT outsourcing tenders, relevant agencies include at minimum the estimated fair market value of agency residual assets that provide service potential beyond the evaluation period.

That is the recommendation, and the department of finance responded to that by disagreeing. Mr Yarra, I guess this is your bag. You started proceeding down an explanation earlier. I would now like you to provide what the department of finance's explanation is for rejecting the Australian National Audit Office recommendation about the fair market value of residual assets. Why was that not agreed to?

Mr Yarra—I will try to give as non-technical an explanation as I can that is as clear as possible. We adopt a cash modelling approach in our financial analysis—that is, the agency baselines are cash based and the vendor pricing is analysed on a cash basis. That literally means, in the absolute technical sense, that between the boundaries of the modelling period you recognise only cash that goes in and goes out, that literally goes in and goes out between those two periods. The second point I would make is that the Audit Office has not questioned our use of a cash based model. That is a conventional and valid analysis technique, certainly within the public sector, certainly within the budget over the years.

The issue that has been raised about the end of term asset value is about the question that, for example, in the year leading up to the end of the modelling period, an agency may have, in its baselines, invested in a refresh. So you could imagine that the agencies would have on their desks relatively new computers at the end of the modelling period and yet the cash has been recognised because it has been spent. There is a concern that there is unconsumed value in those new computers sitting on the desk that has not been captured, that has been ignored. That is the concern. That unconsumed value cannot be recognised in a cash flow model because it is not a cash flow; it is a non-cash item. It would be recognised in other modelling techniques and a fully accrual based—

Senator LUNDY—Like the one that ANAO used?

Mr Yarra—No. The ANAO are saying, 'Would you please include in your cash model this non-cash adjustment?' and we say, 'No, we will not pollute our cash model by a non-cash adjustment.' We are more than happy to recognise the value that is left unconsumed in our sensitivity analysis in other ways, but in the pure modelling—this is the technical modelling—it would corrupt the cash basis of our model to do this maintenance adjustment.

Senator LUNDY—I do not really want to debate it, but the issue here is that including that non-cash value improves your model in terms of what the ANAO have tried to achieve in establishing it.

Mr Yarra—We believe it corrupts the conceptual integrity of the model. To recognise unconsumed values we must adopt a different technique altogether—accrual accounting, for example. If you wanted to bring that into the model you make a whole host of other adjustments as well.

Senator LUNDY—Just on that question, you talk about the purity of the cash based model that OASITO have applied, but doesn't that really defy the spirit of accrual accounting and the directions in which the government has been moving anyway in taking into account things like asset management and asset value? There seems to me to be quite an inherent contradiction in you using the purity of a cash model for the purposes of your analysis with this and what the ANAO is arguing, which is that you need to take those issues into account. If I could just hold that thought for a minute and go on to say that I am particularly concerned

about two issues and want OASITO's response. The first is that you said earlier that this cash model you have used in calculations predetermines the government's policy that you anticipate these contracts will go on in perpetuity—that is, at the end of the five years there will be another two plus two, if not with that outsourcer then with another outsourcer.

Mr Yarra—That is one of the assumptions that we have to make in order to model.

Senator LUNDY—Hold that thought. If that is the case, doesn't that defy the government's stated objectives about there having to be a business case in place before these agencies and departments are in fact outsourced, either on a whole of government basis or, indeed, an agency by agency basis? You lock them in, you capture them, and you keep them there by virtue of this policy.

Mr Yarra—It is an interesting discussion about the qualitative nature of this initial step into an outsourcing versus the subsequent renewal of outsourcing contracts where the nature of the analysis is different—that is, the business case at the moment is a business case that somehow captures the agency cost baseline; the business case in future would capture a cost baseline as created by outsourcing.

Senator LUNDY—That has been already warped because there is this non-residual discounting—there is an issue where there is no asset—so you automatically construct a future environment where there would be significant financial disadvantage for the government to choose a different path for sourcing their IT.

Mr Yarra—There is a once and for all change assumed, based on government policy that agencies shall outsource.

Mr Smith—Senator, I know where you are taking us but can I make a couple of points? I am not sure how, as officials, we can answer your question in any other way except to say that it is government policy. Secondly, I would just emphasise that by any definition the Auditor-General, in his report and by his evidence to these committees, has acknowledged quite publicly that the savings, irrespective of the accounting treatment, are significant, to use his words.

Senator LUNDY—I wanted to come to that.

Mr Smith—To use his own words from Wednesday evening of last week, the savings are significant. In one sense, you can have a theoretical argument about accounting treatments but the core issue is that, even by the Auditor-General's own admission to this committee or a committee of this kind, there are significant savings.

Senator LUNDY—Yes, I will come to the specific savings, Mr Smith. I can guarantee it. Just a final point on this. I think we could keep going about it but people are able to read the Audit Office report and get the full analysis of the different accounting methodology. Can I ask you this very specifically: have you contemplated or are you contemplating changing your financial methodologies to that outlined by the Australian National Audit Office in light of their report and the discussion?

Mr Yarra—My answer is no; that is, the response to the audit report was a whole of government response and as to the attitude to the audit recommendation, our disagreement sets the policy.

Senator LUNDY—On that point, is it OASITO's decision as to what financial methodology you use or is that a decision that is outside of your hands as an agency?

Mr Yarra—The original financial methodology before it all started off was cleared by DOFA—the cash basis was cleared way back by DOFA; we continue to use that today. If there was to be a change in the way we would approach it we would most certainly be doing that in consultation with DOFA with them as the driver. It is a policy matter in terms of how we approach the evaluation.

Senator LUNDY—For clarification, you are not in a position as an agency to take the initiative to change the financial methodology? You would have to get a direction from the minister?

Mr Smith—Senator, can I just make the observation that the government has accepted 16 recommendations and not accepted four, the four which constitute the issue that you are alluding to now, and therefore that establishes the policy for us to implement.

Senator LUNDY—So what is your answer to my last question?

Mr Smith—The answer is that the government has not accepted four of the auditor's recommendations and we are obliged to comply with government policy in relation to the methodology. We will not be making any changes based on the Auditor-General's report, to be specific.

Senator LUNDY—I have a couple of points about those recommendations. Before I go there, in the whole of government response, independent expert advice is said to have been obtained by OASITO. Can you specify the sources of that independent advice?

Mr Yarra—On the issue of the financial methodology?

Senator LUNDY—Yes, it is with respect to your response to recommendation No. 12 about the financial methodologies. I can read it out for you if that is helpful.

Mr Yarra—The audit report does refer to confirming advice in writing from expert advice; we certainly relied on expert advice at the time we dealt with the issue in the ATO and group five. My memory—and I would have to confirm it—is that we got that advice from our financial panel members which are Deloitte and PWC.

Senator LUNDY—Was that during the process of the Audit Office report or in the original establishment of the cash based methodology?

Mr Yarra—It is the advice referred to in this audit report.

Senator LUNDY—Yes, I know that, but was that advice received back when the government set its policy on the cash basis?

Mr Yarra—The audit report says when the advice was received. It says that it was subsequently confirmed in writing. That is the advice. It even gives a date—I do not have the page—a month.

Senator LUNDY—Could you take on notice to provide me with the dates and the nature of advice that you received from all the broadest terms of independent experts, specifically in relation to the financial methodologies?

Mr Yarra—We will take that issue on notice.

Senator LUNDY—I noted in question time today that Senator Ellison cited the department of finance and the Australian Bureau of Statistics as being sources of this independent expert that he was referring to who had endorsed your methodology—

Mr Yarra—It is probably on the finance lease issue.

Senator LUNDY—Could you take that on notice and provide some specific answers—perhaps some clarification—to Senator Ellison’s response in the chamber today on this issue.

Mr Yarra—We are already giving you an answer on the technical difference between a finance lease and an operating lease.

Senator LUNDY—Yes.

Mr Yarra—Can I clarify what the next part is?

Senator LUNDY—To clarify, in response to a question about this issue today, Senator Ellison cited independent experts as having endorsed the department of finance or OASITO’s savings methodology—financial methodologies.

Mr Yarra—He is referring to the same advice that I referred to. It is our advice that we received from Deloitte and PWC.

Senator LUNDY—Can you tell me whether Senator Ellison was accurate when he cited DOFA and the Australian Bureau of Statistics as being other sources of advice?

Mr Yarra—No, I cannot comment on his accuracy.

Senator LUNDY—Could you take that on notice, Minister?

Senator Ian Macdonald—I am sure he would have been accurate, but I will ask him about it.

Senator LUNDY—I am not so sure, which is why I want to know. Also in that response to recommendation No. 12, it says, ‘... although some agencies have noted an alternative approach’. What is the meaning behind that notation at the end of that whole of government response?

Mr Yarra—Do you have a paragraph number?

Senator LUNDY—It is paragraph 7.18.

Mr Yarra—I am reading the audit report and I do not have that.

Senator LUNDY—It is on page 156. It is the final line of the DOFA whole of government response to recommendation No. 12.

Mr Yarra—I am speculating now to some extent. I think this is a question for the Audit Office. But my reading of that is that the agencies noted the issue of the residual asset valuation and noted that there are other ways to analyse the financial outcomes.

Senator LUNDY—Given that you have just told me that the cash methodology is government policy, is there an implication in that—almost like a qualification—that some agencies have not, in fact, followed the cash methodology?

Mr Yarra—No.

Senator LUNDY—Can you take that on notice?

Mr Yarra—I can answer the question. That sentiment is drawn from the evaluation reports prepared by the agencies. That is the Audit Office reading those evaluation reports. The agencies flag the issue of residual value of assets and end of term assets. That is all that reference is about. They used our methodology. There is no question of it.

Senator LUNDY—It is the whole of government response as opposed to the Audit Office response.

Mr Smith—There is no point in taking a question on notice if we know the answer to it. The answer is no. There is no point in taking the question on notice and giving the answer of no again.

Senator LUNDY—Were the ANAO recommendations circulated to all agencies involved in the IT outsourcing project?

Mr Yarra—That process was run by the department of finance. They were circulated to the agencies that were the subject of the audit. That is the three outsourcings that were the subject of this audit. Those agencies were involved in the process of bringing together the whole of government response.

Senator LUNDY—What input did you have into the DOFA whole of government response?

Mr Yarra—We were just another party to it.

Senator LUNDY—So you did not prepare those responses?

Mr Yarra—I am not sure I can answer that.

Senator LUNDY—I figured they have to come from somewhere. It comes back to the question we were asking earlier.

Mr Yarra—There is no mystery; the process is run by DOFA.

Senator LUNDY—Who in DOFA did you provide your feedback to?

Mr Yarra—I know the name of the person; it was Jim Murphy at the time.

Senator LUNDY—So OASITO was not responsible for compiling the whole of government response.

Mr Yarra—We were consulted in the preparation of the responses, as were the other agencies in the groups that were the subject of the audit.

Mr Smith—There is no secret in the fact that OASITO is a key stakeholder in this process. We therefore had a key role to play in our inputs. I do not quite understand where you are taking the question, other than to say that we were a key player, we provided an input to the response and there was a whole of government response provided to the Audit Office. As Mr Yarra says, there is no mystery to that.

Senator LUNDY—It does relate back to the earlier questions I asked about who coordinates this in a policy sense from DOFA's point of view. It was clear by your responses then that you do not have that policy role. I am making some assumptions that the same parties within DOFA that had a role in preparing the whole of government response at least have some capacity to understand the policy implications of this program within that department. So I can move on.

The minister is persisting with claims that he is going to save \$368 million over five years with the contracts let to date. Can you confirm whether that savings estimate, savings claim, includes agencies that have outsourced their IT outside of the IT outsourcing initiative?

Mr Yarra—Correct.

Senator LUNDY—Which agencies are also included in those calculations?

Mr Yarra—My understanding is Customs, DOFA and DVA.

CHAIR—What was the last?

Mr Yarra—Veterans' Affairs.

Senator LUNDY—Can you just confirm that the DVA \$60 million contract is with IBM GSA?

Mr Yarra—I am not privy to the number, I have to say. I am aware that their contract is with IBM GSA.

Senator LUNDY—I am referring now to an answer to a question on notice that OASITO actually provided me. What I am seeking confirmation of is the vendor, the external service provider, as you have actually provided me with the cost.

Mr Yarra—Certainly, if that is the answer to the question.

Senator LUNDY—So it is IBM?

Mr Yarra—Yes.

Mr Smith—Whether it is IBM Australia or IBM GSA, I do not know.

Senator LUNDY—And the same with DOFA?

Mr Smith—Again, whether it is Australia or GSA, I am not sure.

Senator LUNDY—And EDS?

Mr Smith—That is Customs.

Senator LUNDY—In the answer to the question on notice you provided me, you nominate that the Customs contract with EDS is worth \$200 million. But I heard recently at Customs estimates that in fact it is now worth over \$250 million because of changes to that contract. I ask that you at least provide me with accurate information, because that has been on the record now for well over six months. Can you also tell me: out of the initial contracts—the DVA, DOFA and Customs contracts—you have cited projected savings of \$100 million, which contribute, obviously, \$100 million to the minister for finance's figure of \$368 million. Can you tell me the breakdown of that \$100 million savings that are attributed to each of the DVA, DOFA and Customs contracts?

Mr Yarra—I honestly do not know the answer to the breakdown. That number has been around for some time. We can certainly take that on notice for you. I confirm that it is those three agencies. The \$100 million is the number that is attributed. I do not know the breakdown. I think we have mentioned that number in previous hearings and it is a long time since I have seen information related to that number. We will certainly take that on notice.

Senator LUNDY—Thank you. I do want to ask something very specifically though. Since when has the minister, or indeed OASITO, included those contracts in the savings assessment, given particularly that the minister has always demurred in citing those contracts as being part of the IT outsourcing program? I am finding an inconsistency in the minister's rhetoric in claiming \$368 million worth of savings as a result of his program and what we now find, with evidence that \$100 million of that \$368 million claimed is in fact in relation to contracts that pre-existed that IT outsourcing initiative.

Mr Smith—Senator, the real point in this is whether outsourcing attracts savings, isn't it, and the answer is yes.

Senator LUNDY—No, it is not my point, and I would like the question answered. That is not the real point, and I will come to an analysis of the savings in a minute, as I said.

Mr Yarra—Is the answer to that question a date—for example, when the minister started?

Senator LUNDY—Yes. When did the minister start including those things? He has never made it clear. It was not until the receipt of an answer to a question on notice that it was on the public record at all that the minister was including those previous contracts in his savings estimates.

Mr Yarra—The answer is that it was last May. We will certainly go back and look at the record. I do remember very clearly mentioning the \$368 million.

Senator LUNDY—Absolutely, but he never, ever mentioned that DVA, DOFA and Customs were part of that savings analysis, and that is my point. I want to know when that changed and why the minister had not declared their involvement at the time when he made those savings claims. They were very explicitly in relation to the IT outsourcing program.

Mr Yarra—We will get an answer for you.

Senator LUNDY—Thank you. I would now like to go to the issue of savings, Mr Smith. I know you are pretty keen to talk about it. I would like to reference an Australian National Audit Office report. I acknowledge that this discussion may become difficult if officers insist on applying their own analysis. I would like to ask some questions in the context of the Australian National Audit Office analysis and the relative savings found within the clusters across the agencies. Please bear with me, but I acknowledge that up front so we do not get bogged down in a debate about methodologies. I think we have been through that and understand the differences.

Mr Yarra—Do you have a page number there?

Senator LUNDY—I have. I am referring to page 196. There is a graph and again a note that the Audit Office report does not deal with all of the contracts let under the outsourcing initiative. It certainly does not deal with the Customs or DVA contracts or Finance's own contract. It does deal with groups 3, 5 and tax, and indeed this graph refers to small agencies. This graph does relate to cluster 3 and it identifies a significant disparity between savings realised for the agencies within each of the clusters. The first thing I would like to put on notice is that I would like you to provide the committee with a similar breakdown of the relative savings, based on the ANAO methodology, of the agencies within each cluster, from contracts that have been let to date, including health and group 8.

Mr Smith—Could that be directed to the ANAO? I do not think it is up to OASITO to do a calculation based on someone's methodology with which we do not agree. Indeed, I am not going to sit here and profess that I understand what was in the auditor's mind with this. I think it is more appropriate that the Auditor-General be asked to provide that analysis for you. We have our model and, as I said, we stand by the model and the government stands by the model. We have our savings levels, all of which are significant by any model. I do not think it is a fair question to ask us to do an analysis of ANAO's methodology as it might apply to the information we have in front of us. I just do not think that is a fair thing for you to ask—nor, indeed, is it appropriate—and it is probably a more appropriate matter for the Auditor-General.

Senator LUNDY—Perhaps I could direct the question to the minister, as to whether or not the government is willing to conduct an analysis of all of the contracts involved in the IT

outsourcing initiative, on the basis of the ANAO's methodology, for the purposes of establishing the relative savings within the clusters on an agency by agency basis.

Senator Ellison—I think I answered today in the Senate that even the Auditor-General—

Senator LUNDY—I know what you said in the Senate today. This is a very specific question, Minister, and I ask you to consider it very carefully.

Senator Ellison—I will have to take that on notice. We stand by the methodology which was adopted and, as you know, there is an issue of the methodology that the Auditor-General adopted. He said in his report that there was a judgment in relation to that, and we stand by the methodology that OASITO has mentioned. I will take your question on notice and refer that to the minister for finance, but I presume that there would not be any adoption of that methodology by the Auditor-General by the government.

Senator LUNDY—I would like to put another question on notice. Minister, I think this is one for you because the OASITO officers have made it clear that they are not responsible for policy. Can you take on notice to provide this committee with a full report on agency deductions that have been made by the department of finance over the last four financial years in anticipation of IT outsourcing or anything related to an IT efficiency dividend or such like, and extending into at least five years in the out years or to the extent that that information is available.

Senator Ellison—I will take that on notice, although the department might want to get back to you as to your terminology of 'agency deductions'.

Senator LUNDY—I had better be more specific, then: agencies or departments. I think it is an exercise of research as opposed to policy, so we will see if he is up to it.

Senator Ellison—I will take that on notice.

Senator LUNDY—While you are at it, Minister, could you tell me, relative to those agency deductions, when the savings levels do not achieve or match the deductions that were made, does the department of finance reimburse the agencies for the difference, given those agencies are, in fact, left in the red and are subsequently faced with the prospect of drawing money out of other programs to backfill the gap?

Senator Ellison—Again, Mr Chairman, I will take that on notice, and the same caveat that I gave earlier might apply to this question on notice.

CHAIR—Thank you, Minister.

Senator LUNDY—Can you give me a report as to what is happening with Group 9?

Mr Smith—Senator, we have been working—I think quite productively despite the media comment—with the Science Group, which is Group 9, for many months now. In response to the Science Group's request we conducted a scoping study to see—as Mr Yarra pointed out earlier—what would be appropriately put in scope for this particular transaction and what would be more appropriately out of scope. We are nearing the completion of that analysis and we are in dialogue now with the Science Group agencies to try to settle a framework which best meets the needs of the agencies both in the business and strategic sense and what also meets the government's objectives.

Senator LUNDY—Have you received a response from science agencies with respect to proposed changes to the scoping study?

Mr Smith—We have indeed, Senator.

Senator LUNDY—And what is your timetable for subsequently responding to them with regard to those changes?

Mr Smith—As recently as yesterday I met with the Deputy Chief Executive of CSIRO to work through some of the issues that he raised with us. I expect that dialogue would go on for some time but you can be assured that OASITO, for its part, is very productively and positively working with the science agencies to try to find the best scope and the best framework for this outsourcing arrangement for this group.

Senator LUNDY—I mentioned the super computer that I think was jointly run by the Bureau of Meteorology and CSIRO. My understanding is that that super computer is worth in excess of \$20 million. Can you confirm with me that that super computer will remain an asset of the Commonwealth?

Mr Smith—I cannot confirm one way or the other, Senator. The super computer is one of the issues that we are talking with the science agencies about. No final decision has been taken by government as to what is in scope—be it the super computer or other aspects of this requirement—for the Group 9 agencies, but absolutely, it is a matter for discussion. The super computer is one of the key issues that we need to talk through with the agencies, yes.

Senator LUNDY—Does the decision on whether to retain the super computer as a Commonwealth asset lie in your hands through your negotiations with both the science agencies and, indeed, vendors or will it be a policy decision of government to make?

Mr Smith—Senator, as with each one of these transactions, what is actually designated to be in scope is a matter for discussion between OASITO and agencies and agreement has to be reached. OASITO cannot mandate to the agencies what is in or not in. Our job is primarily to work with agencies to test some of the assumptions as to what should be in or not in and ultimately, on most occasions, we have come to an agreement as to what is in and what is not. We are still going through a very healthy and a proper process with the agencies to determine what is in scope and what is not, and I can confirm that the super computer is a matter that is under discussion.

Senator LUNDY—If it is up to the agencies as to what is in or out of scope, as you just said, do you play the role then of devil's advocate in including as much as you can? I do not really understand why the tension is there if the agencies actually have so much control about what is in and out of scope. Is everything in scope by default?

Mr Smith—Senator, the answer to that is very simple. The government's policy decision is that all IT infrastructure shall be outsourced.

Senator LUNDY—So it is in scope by default.

Mr Smith—It is not a question of by default. It is in scope because that is policy for the government. What we need to do—as we do with every transaction—is to sit down with the agencies to see what makes strategic and business sense. If it makes sense for some of this stuff to be put out of scope then we would be prepared to put a case jointly to government for consideration. If there is a presumption that OASITO is sitting there and forcing people to put things in scope which are not strategically good for the agency, then that is just pure nonsense. We sit there and we work very productively and positively with agencies. I might add that we have spent many months working with these agencies to understand the particular scientific needs of this group. We acknowledge that it is a unique group and we have worked very hard to come to terms with our understanding of what is important for them in a research sense, a science sense, a strategic sense and a business sense.

Senator LUNDY—But not a policy sense.

Mr Smith—And a policy sense.

Senator LUNDY—It is more like you do not need policy.

Mr Smith—In a sense of what is in scope. As I said, as recently as yesterday I had a very healthy and productive discussion with the deputy of CSIRO about these issues. We have a process of dialogue going on between the two of us to work through some of these difficult issues. I hope that I have demonstrated, and my team has demonstrated—and I do not think anyone can challenge it—that we are in there trying to understand their particular needs and trying to come up with a framework that will reflect those needs.

Senator CONROY—It is not us you have to convince; it is Max Moore-Wilton.

Senator LUNDY—What involvement do other ministers, for example, of those agencies have in the process? I certainly acknowledge your answer. What I am curious about is that suddenly with respect to this program you do have other ministers buying in at a policy level. For example, Senator Minchin has made statements on the IT outsourcing program. The science agencies come within his portfolio. What scope do they have to influence your work, or is that something that happens outside of your sphere of reference?

Mr Smith—As with all of these processes, the minister is responsible—and I make no comment about your attribution to Senator Minchin—for each of these agencies that by definition have an interest. Our processes allow for those interests to be reflected in our consideration. Right through the processes the key ministers are consulted and make joint decisions. Where there are differences the differences are elevated to ministers for proper consideration. We do that on all transactions, not just on the Science Group. If there are any differences, the one undertaking I have given from the start of this initiative is that if we cannot reach agreement then the proper thing to do is to elevate that and let government take a decision. We have complied with that undertaking without departure in the last three years.

Senator LUNDY—Just going back to the issue of savings, can you confirm that savings are a prerequisite of awarding a contract under the IT outsourcing initiative?

Mr Yarra—The prerequisites of awarding a contract under the IT outsourcing are set out in the RFT, each individual RFT. In the later tenders there is explicit reference to value for money. Value for money captures a range of considerations including pricing considerations, financial benefits. So it is a factor in the final—

Senator LUNDY—Is it a prerequisite? Is it a mandatory factor?

Mr Yarra—No.

Senator LUNDY—It is not a mandatory factor.

Mr Yarra—Correct. In the tenders that have mentioned value for money it is a factor in the value for money decision.

Senator CONROY—What are the other factors?

Mr Yarra—Service, quality of service, risk, corporate capability. They are the high level things. If you were to read the RFT document for group 1, for example, there are three or four pages of other factors articulated in the RFT which go to the question of value for money.

Senator LUNDY—The key point, though, is that savings are no longer a mandatory prerequisite of this exercise. That is a major departure from when this initiative was announced.

Mr Yarra—I do not agree with that. I think that the characterisation of what appeared in RFTs—

Senator LUNDY—I accept that. I am reflecting on the minister's rhetoric.

Mr Yarra—My answer is that all of the elements of value for money were in all of our tenders. The decisions to finally sign contracts and outsource were all done pursuant to the Financial Management and Accountability Act, which requires a value for money judgment to be made and the procurement guidelines require a value for money decision to be made. The more recent tenders bring out and make explicit the value for money concept.

Senator CONROY—You mentioned the phrase 'high level'.

Mr Yarra—Correct.

Senator CONROY—I got the impression that there are tiers.

Mr Yarra—There are.

Senator CONROY—What is in the top tier?

Mr Yarra—I just mentioned the top tier.

Senator CONROY—Service?

Mr Yarra—Service, risk, corporate capability and financial benefits.

Senator LUNDY—Financial what?

Mr Yarra—Financial benefits.

Senator CONROY—What is that defined as?

Senator LUNDY—To who?

Mr Yarra—To the group.

Senator LUNDY—To the group or to the department of finance?

Mr Yarra—The RFT deals with the group. It is the financial benefits to the group.

Senator LUNDY—This goes back again in light of the Audit Office report—and I am referring to paragraph 31 of that report—where it says:

The ATO and Group 5 agencies: the relative savings and cash outlays expected to be achieved through the outsourcing agreements compared to continuing internal service delivery were significantly less than the reductions applied to the agency budgets, representing 51 per cent and three per cent of the budget reductions respectively.

Given that is effectively an underachievement in the projected savings of the IT outsourcing program, does that mean that these high level prerequisites or factors have in fact failed to be achieved in terms of those contracts—

Mr Yarra—Absolutely not.

Senator LUNDY—or do you consider that a success?

Mr Yarra—All of the factors that are taken into account to form the judgment and make the decision to select one tenderer over another are captured in the RFT. There is no reference in the RFT to reductions on the forward estimates made four years ago. That is not relevant to the evaluation and it is not part of the evaluation.

Senator LUNDY—But it is relevant to the agencies negotiating these contracts under their requirements under the FMA Act. They have to make those decisions. They are responsible at

that bureaucratic level for making these decisions and yet you are forcing them to make decisions that disadvantage financially their agencies.

Mr Yarra—No. The decision that they make in the outsourcing is their judgment on value for money based on a number of factors including what their understanding is of how much it costs them to deliver their services today. The financial disadvantage that you are referring to, I think, was caused by a decision made four years ago.

Senator LUNDY—In what way? Explain that.

Mr Yarra—The decision made four years ago reduced the forward estimates. To the extent that the reduction in the forward estimates was greater than the achieved savings in an outsourcing, that could be characterised as financial disadvantage triggered by the decision four years ago.

Senator LUNDY—The decision by the department of finance and the minister for finance four years ago could have effectively put these agencies in a position where they could have technically breached the financial management act.

Mr Yarra—Absolutely not. You will get no agency to say that they have acted inconsistently with their obligations under the FMA Act.

Senator LUNDY—If that is the case, their only protection is citing government policy and decisions of the minister for finance, so let us sheet home the responsibility where it belongs.

Mr Yarra—They are implementing government policy and in doing so they must comply with the FMA Act. If you want to pick the words out, they have the policy set and they do it as efficiently and effectively as possible. Therefore, their FMA Act obligations oblige them to pick the best value for money provider in an outsourcing where they are required to outsource subject to the outcome of business case, et cetera. The policy is set.

Senator LUNDY—Because that policy is set, those agencies effectively are starting from a position of disadvantage—like the health group, where the Department of Health and Aged Care were already at least \$6 million in the red by virtue of budget deductions before the contract was signed. If the issues and concerns raised in the ANAO report are to be believed, the two factors agencies must now consider are that: (1) the methodologies supplied to them through you by the department of finance leaves them in an assetless situation following the termination or completion of the contract; and (2) with the terms and conditions of the contracts being so specific and with both machinery of government and policy changes within government for service requirements possible, it could in fact mean that they do not make any savings at all. This is an extraordinary situation that the department of finance has put agencies in, wouldn't you agree?

Mr Smith—At the risk of labouring a point: the Auditor-General himself has acknowledged that there are significant savings achieved under this outsourcing arrangement. I know it is probably a line you want to pursue, but the Auditor-General himself has acknowledged, in this forum, that there are significant savings to be achieved out of the IT outsourcing initiative. We can sit here and debate savings versus expenditure, as we have done on numerous occasions, and we can sit here and debate methodologies, as we will probably do on several occasions, but the fact remains that the Auditor-General himself has publicly acknowledged significant savings.

Senator CONROY—Not Max Moore-Wilton, though, has he?

Senator LUNDY—With all due respect, Mr Smith, we are arguing within the context of what savings have been achieved in the situation that agencies find themselves in. You can say it as much as you like. People are aware of what is on the record. It is very clear what the Audit Office report says, so you do not need to remind me. I am actually pursuing points within the context of all of the factual information available to us. If you want to labour political points, by all means do so, although I do not think it is your job. You can leave it up to the minister.

Mr Smith—Senator, we have tried to be very helpful on this point.

Senator LUNDY—I think we are moving along famously.

Mr Smith—We have answered your questions on this issue on about six separate occasions. In a sense, we cannot offer you anything more. What we can say is that the Auditor-General has audited the first three transactions and has come out and publicly acknowledged significant savings. We said this on, probably, six occasions before the auditor tabled his report and he has now confirmed what we were saying to be true.

Senator CONROY—You would have to draw a long bow to believe that.

Senator LUNDY—I think Mr Smith is taking the place of the minister at the table, and I do not think that is necessary. May I ask my next question, please, so we do not waste any more time? The ANAO report says that the department of finance let the Group 5 contract be signed off without knowing if any savings would be achieved at all. Why was that pre-condition not met with respect to Group 5?

Mr Yarra—I dispute that absolutely.

Senator CONROY—On what basis?

Senator LUNDY—I am referring to 6.45, to the finding.

Mr Yarra—I dispute that absolutely. There is no way that the decision on Group 5 was made without any knowledge of savings.

Senator LUNDY—I will quote from the finding in paragraph 6.45 of the Australian National Audit Office report:

A written briefing confirming the outcome of final contract negotiations with the preferred tenderer was not provided to the Minister for Finance and Administration prior to the execution of the Services Agreement.

Mr Yarra—Correct.

Senator LUNDY—Why was that allowed to happen?

Mr Yarra—The decision to select a preferred tenderer in Group 5 was made and full briefing was provided to the minister. We have a policy, when we select preferred tenderers, to leave nothing to chance at that point. That is, there are some details to be sorted out following the decision to select the preferred tenderer. It took a very short period after that decision—my memory is two to three weeks—to finalise those details. Nothing material changed in the final wrap-up, and a contract was signed on the strength of the briefing provided at the point of selection of preferred tenderer.

Senator LUNDY—Was that within due process that had been established by your office in signing those off?

Mr Yarra—Absolutely.

Senator LUNDY—So why was it raised in the context that it was in the Audit Office report?

Mr Yarra—They have a view that, notwithstanding the fact that we briefed the minister fully at the selection of preferred tenderer stage, that it would have been nice administrative practice to complete the record, to make it tidy, that you also go through the formality of a final brief.

Senator LUNDY—Do you think it is customary for the Auditor-General to make recommendations on the basis that he thinks it would be nice?

Mr Yarra—I think you should ask the auditor that.

Senator LUNDY—Could I ask you to take it on notice to provide a chronologically ordered report on all of the approval processes relating to the awarding of the Group 5 contract.

Mr Yarra—I will give you those now.

Senator LUNDY—I do not want them now; I have not got time. If you could take it on notice I would appreciate it.

CHAIR—It might save time, Mr Yarra.

Senator LUNDY—In December 1998 the Prime Minister advised all portfolio ministers that, as a general government policy, outsourcing of IT infrastructure services should proceed unless there was a compelling business case on a whole of government basis for not doing so. What were the implications of this statement generally for the IT outsourcing initiative?

Mr Yarra—That was 22 December 1998. With regard to the implications of that, there were two projects in the field at the time: from memory, there was Group 5 in Tax. It had no affect on those processes. The evaluations proceeded according to the evaluation guide and the RFT, and the conclusions reached were entirely consistent with the processes that were then in train.

Senator LUNDY—Were all of the agencies within the Group 5 cluster demonstrably returning savings according to even your own cash based analysis?

Mr Yarra—At what point?

Senator LUNDY—At that point in time.

Mr Yarra—I do not remember.

Senator LUNDY—Could you take that on notice and provide that detail?

Mr Yarra—So the question is: at 22 December, for example, when the letter was issued, what was the status of the savings—

Senator LUNDY—Of each of the agencies involved in the Group 5 contract.

Mr Yarra—The contract was not signed until April.

Senator LUNDY—No, but you would have known that by then, because there were significant delays with respect to the Group 5 contract.

Mr Yarra—There would certainly be an emerging picture. The contract was not signed until April, and substantial water goes under the bridge between December and April.

Senator LUNDY—That is what concerns me and whether or not there was any impact. I will be very up-front about this: the implication of the Prime Minister's statement is that, provided you could justify proceeding on a whole of government basis that internally within clusters, or even with clusters themselves not necessarily returning a savings assessment, there was still some justification for it to proceed. That is what I am concerned about, particularly in light of the findings of the Audit Office report that the savings for the Group 5 contract were minimal, even under your analysis.

Mr Yarra—But the letter did not influence Group 5 in Tax. It could not influence Group 5 in Tax. The only things that can influence Group 5 in Tax were the matters captured in those RFTs. So to suggest anything else is absolutely wrong, because it would be a breach of our tender process.

Senator CONROY—Were there any changes to the items that are in the high level at any stage?

Mr Yarra—Absolutely not.

Senator CONROY—They were consistent from day 1 to today?

Mr Yarra—Through each tender process they are consistent right through, yes.

Senator CONROY—None have come in or out of the high level?

Mr Yarra—No. Our RFTs are issued, and we evaluate on that basis. The bids come in and we evaluate on that basis; we do not change those.

Mr Smith—I could add that we do have lawyers attached to our processes, and we are very sensitive to the implications for Hughes, McMillans and other cases where changing tender rules has caused some difficulty.

Senator CONROY—I was not suggesting they were changed at your end, if that was the implication.

Mr Smith—Yes, but we do have to make the point that the lawyers sign off on all the key milestones which were discussed with Senator Lundy on previous occasions on every key element of our process so we are fairly confident that we are on reasonable grounds.

Senator LUNDY—Talking about lawyers, is any legal action being taken against OASITO at the moment?

Mr Yarra—Across the board?

Senator LUNDY—Across the board.

Mr Smith—Not to my knowledge, no. Do you have some information that we should be aware of?

Senator LUNDY—No, I do not.

Mr Lewis—I will just supplement the answer. Legal action is taken from time to time in relation to various asset sales conducted by OASITO. There is an action presently under way in relation to the sale of Adelaide and Coolangatta airports. That is in the early stages at this stage.

Senator LUNDY—That is outside our scope, Mr Lewis; we will leave that one. Would you take it on notice?

Mr Lewis—Against OASITO?

Senator LUNDY—The question was very broad; would you take it on notice?

Mr Lewis—You are not interested in Asset Sales litigation?

Senator LUNDY—No, I appreciate your response, Mr Lewis.

Senator CONROY—It was not that broad.

Mr Smith—I have a couple of points that I can clarify on previous questions that you were interested in and which I have now been able to achieve. Are you interested in me just quickly going through those for you?

Senator LUNDY—Not really. I would like to press on; we may have time at the end. I am on a time restriction, and I have other issues I would like to pursue. I would now like to turn to the Humphrey review. What is OASITO's involvement with the Humphrey review?

Mr Smith—The Humphrey review is an independent review, as the minister has publicly announced. The secretariat services are coming out of DOFA, and we are providing factual background information to that secretariat for analysis amongst a whole range of information that Mr Humphrey is pursuing from all other key stakeholders.

Senator LUNDY—You mentioned that the resources for that inquiry are located at DOFA. What do you mean by that? If it is independent—

Mr Smith—If your implication is that Mr Humphrey is not conducting an independent review, I am not prepared to answer that because, quite categorically, he is, in one sense. But in terms of the secretariat, Mr Humphrey needs support and DOFA is providing that secretarial support; that is, arranging for advertisements to go in papers to call for public submissions which people said would not be called for and a whole range of things. He is being provided with assistance to conduct his independent review. We are providing, in the appropriate way, information to that secretariat for their analysis and independent reporting to Mr Humphrey.

Senator LUNDY—Do you know who the officers are that you are working with in that secretariat?

Mr Smith—The senior person responsible for the secretariat is Mr Phillip Prior and there would be three or four other people.

Senator LUNDY—Are you in a position to provide some clarification as to the nature of the terms of reference?

Mr Smith—No.

Senator LUNDY—Were you involved in any way in the preparation of the terms of reference?

Mr Smith—No.

Senator LUNDY—Was advice sought from you in relation to the terms of reference?

Mr Smith—No.

Senator LUNDY—Do you have any knowledge about who determined the final terms of reference for the review?

Mr Smith—That is not a matter for OASITO. This is an independent review: it is very important for OASITO to be quite removed in an analysis sense from this process, if it is going to be truly independent.

Senator LUNDY—Have you provided any advice to agencies with respect to the independent review?

Mr Smith—No, Senator. I am not quite sure what you mean by that.

Senator LUNDY—Have you had any communication with agencies either within the initiative or pending?

Mr Smith—There were a couple of colleagues from other agencies in the corridor who asked me, ‘Will Mr Humphrey be talking to our particular agency?’ I may have said, ‘Would you please refer that inquiry to Mr Prior in Finance.’ It would be as casual as that; I have had no formal approaches to me from agencies.

Senator LUNDY—What advice have you been provided by the department of finance, or anyone else, in relation to the processes to be undertaken with pending groups to be outsourced—for example, groups 1, 9, 10 and 11?

Mr Smith—The terms of reference, I think, refer to the fact that groups 1 and 11 will proceed in the normal process. As the responsible agency we had to look at that to see what effect that may have on both of those transactions and did not seek advice from DOFA. In relation to group 1, we formed our own view, after consultation with the agencies concerned, that we should extend their closing date to the end of January 2001. We did that after consultation with the agencies and with the potential bidders.

In relation to the group 1 process, we are a long way down the track in evaluation and have commenced negotiations. We have taken the view that we can proceed with those negotiations, which will not be concluded prior to Mr Humphrey’s review being completed and his recommendations considered by government. We did that analysis within OASITO after consultation with the agencies involved.

Senator LUNDY—I think you have just told me the answer, but I would like to clarify that. You have not received any instructions or directions from the department of finance or indeed the minister’s office to put on hold or modify group 1 or group 11, outside of changing the closure date, because of this review?

Mr Smith—Absolutely not, Senator. That is clearly something that was within my responsibility. I have regard to any changing factor in the environment. It is absolutely appropriate for group 11 to have extended that tender date. I consulted the key agencies and spoke to agency heads and industry. There was unanimous agreement that that should be extended in the circumstances.

Senator LUNDY—But that was your decision, not any direction from the minister for finance or the department of finance?

Mr Smith—As chief executive of the office of asset sales, I am responsible for determining the human strategies.

Senator LUNDY—I am just asking you to clarify it; I know I am being pedantic. It is a very important point. Late last week you had a meeting with group 1—OASITO, Shaw Pitman and group 1 got together to progress things?

Mr Smith—We have meetings with group 1 every day.

Senator LUNDY—So nothing has changed?

Mr Smith—Nothing has changed. We are in a very important part of that group 1 process. We are now heading into negotiations to bring this to completion. It is a significant transaction that has to be carefully managed because of the agencies within the group. We have our team, our advisers and the agency representatives in the normal process. There is nothing different because of the Humphrey review other than that we are proceeding with negotiations in the normal course.

Senator LUNDY—Have you received any advice that has flagged potential changes to the IT outsourcing initiative as a result of the Humphrey review, such as some sort of formal notification that, ‘Yes, this inquiry is going on and, yes, the outcomes might influence the program’?

Mr Smith—No. As I understand it, Mr Humphrey is still calling for submissions, and I do not think they close until 10 December. They have not even closed, so I suspect he has not even formed views yet. We have certainly received no advice as to any potential changes.

Senator LUNDY—Are you planning to put in a submission?

Mr Smith—No, we are not.

Senator LUNDY—You are just making yourself available for consultation?

Mr Smith—Correct, on factual information.

Senator LUNDY—Well, you are not a policy unit, are you?

Mr Smith—That is correct. We have achieved something tonight.

Senator LUNDY—Yes. It took a while, didn’t it. I would like to turn to issues relating to industry development. Again, Chair and Minister, I was referred to OASITO very specifically by the Department of Communications, Information Technology and the Arts, who have carriage of the industry development. But they claim they are just implementing the program—they have no responsibility for policy relating to industry development. They referred me specifically to you to ask questions about industry development policies associated with IT outsourcing. Do you have an officer who deals with these issues specifically?

Mr Smith—As we have communicated to you on several occasions, the industry development analysis is conducted by some private sector consultants who are attached to my team. We have named those consultants and given you the full details, none of which have changed since the previous time we talked about this.

Senator LUNDY—Is it Yasmin King?

Mr Smith—Yes. Within my own organisation, each consultancy is attached to a senior executive in terms of management of that contract, but there is no-one responsible for industry development per se. In my organisation we rely on the analysis of the outside consultants.

Senator LUNDY—Who is the senior executive responsible?

Mr Smith—For that contract, the officer acknowledged is Trixie Makay.

Senator LUNDY—I have some specific questions about the public claims for industry development, that I should probably put on notice. I would like to run through them. The minister has put on the record that 400 new IT jobs in regional Australia have been created, \$290 million of new export and import replacements have occurred, \$90 million of strategic

investment and \$400 million of business to SMEs. This is what Senator Ellison refers to whenever he answers a question in the chamber, and what Minister Fahey says whenever he is asked a question about IT outsourcing, so it is well and truly on the record. I want to know very specifically where that information is sourced from—from which contracts and a full breakdown of each. I also want to know what the benchmark levels of participation for SMEs were before those figures that allowed that statement to be made by the minister. I want to know the benchmarks for all of the claims that were made and the subsequent full breakdown as to which vendors and which contracts they are associated with. I want to know if there is an independent method for checking this, beyond the independent audit conducted by the vendors themselves in the provision of the report. I will put the rest of my questions on notice.

CHAIR—Mr Smith and officers of OASITO, many thanks for your assistance tonight. I remind you that the committee requires answers to questions on notice by 19 January next year.

[9.33 p.m.]

Department of Finance and Administration

CHAIR—Dr Boxall and officers of the Department of Finance and Administration, welcome back. We are continuing our consideration of output group 3.1—ministerial and parliamentary services.

Senator FAULKNER—As you would appreciate, Dr Boxall, we are on a pretty tight timeframe tonight and the hour is late. I did want to very quickly begin by asking a few questions that were taken on notice at our hearings last Friday. If there has been any progress on them, you might be able to quickly provide an answer. I do not want to spend too much time on it but, if you could assist us, I would appreciate it. Specifically, I refer firstly to the question I asked in relation to calls made from Western Australia on Mr Reith's telecard in February 1994. I wonder whether you have been able to look at that.

Dr Boxall—We have not prepared answers to these questions yet.

Senator FAULKNER—Does that go to all the questions, Dr Boxall?

Dr Boxall—Yes.

Senator FAULKNER—I do not want to waste time. I just thought it might assist us at the beginning of tonight's hearings. We will move on.

Senator ROBERT RAY—Minister, have you had a chance to read the transcript of the last hearings when we dealt with this?

Senator Ellison—No, I have not. I received that today. I have got a copy here which I have not had a chance to read through fully. I have read a bit of it.

Senator ROBERT RAY—Earlier on in the piece you say:

There was some contact between the Prime Minister's office and the department, as I understand it—referring to Mr Howard's telecard numbers. Later evidence seems to suggest that was not the case. Can you now confirm that?

Senator Ellison—Which page are you referring to?

Senator ROBERT RAY—The difficulty is when you drag them off the computer, Minister. This is page two of four of a particular extract. It is page 150, Senator Ellison, five lines in.

Senator Ellison—I do not think we have got the same page. Page 150? Are you saying that I said that I understood that there was some contact between the department and the Prime Minister's office about the telecard? And you say that there was subsequent evidence that said that that was not the case?

Senator ROBERT RAY—I just wondered if you had looked at that and you wanted to correct that part.

Senator Ellison—Could you just point to where the subsequent evidence was that said that that was not the case?

Senator ROBERT RAY—I have not got it highlighted here but Dr Boxall on several occasions said that there was no contact between the department and the Prime Minister on these figures.

Senator Ellison—I think you are thinking about the communication of the zero figure.

Senator ROBERT RAY—Yes, that is what the discussion was about.

Senator Ellison—There was also another aspect to it and that was when the PM's office queried the second figure and that was the contact that there was between the Prime Minister's office and the department. And so you have got two different communications; one on the zero which was not the department, which was via my office. The second contact or communication, if you like, concerned the second figure which is the one that was included in the answer to the question on notice put by Senator Faulkner. I think you will find that my evidence related to there being contact there between the Prime Minister's office and the department on that figure as a query. But that is as I understand it.

Senator ROBERT RAY—I think that is reasonable.

Senator Ellison—I think the department can assist you further on that score.

Senator ROBERT RAY—No, I think that is reasonable. I think that will do.

Senator Ellison—Because my information on the second one is not first hand.

Senator ROBERT RAY—That is okay.

Senator FAULKNER—Mr Chairman, could I go back to the issue that we raised towards the end of Friday's hearing, if that is possible, which is the question of the legal advices which were sought later in the episode in relation to the misuse of Mr Reith's telecard—that is, the three advices that were sought from the AGS from Blake Dawson Waldron and from Phillips Fox. I wonder if you are in a position, Dr Boxall, where you can briefly explain to the committee the nature of those advices in terms of whether they supported the case for a personal liability or not?

Mr Fisher—It is probably best if I answer that question. As you know, we sought advice at a point in the process where we still had moneys outstanding. We asked two questions: one question went to the secretary's responsibilities under the FMA Act to recover any outstanding moneys and, in particular, powers to recover from Mr Reith.

Senator FAULKNER—And particularly?

Mr Fisher—And, in particular, powers to recover money from Mr Reith personally. We also asked a question about the broader implications, if any, of the Solicitor General's opinion for the entitlements regime. The responses that we had were draft advices and they were heavily qualified. The firms indicated to us that a great many of the facts were still in dispute and they had not finally considered their opinions and would need to finally consider before

giving us definitive advice. They specifically stated that they would require further information before declaring a final position.

In summary, one of the firms stood by the Solicitor General's opinion. One of the firms indicated that there may be a personal liability that could be pursued. The other firm, in its draft opinion, indicated that the conditions on which the chief executive might elect not to pursue a debt under the FMA Act did not yet exist. I must say that they were early preliminary opinions that would need to be pursued further if we wanted any of the three firms to give us a definitive opinion.

Senator FAULKNER—I presume that these matters did not progress beyond the preliminary advice—I think that is the suggestion you are making to the committee, but it might be useful if we could just have that clarified for the record.

Mr Fisher—That is correct.

Senator FAULKNER—I think I understand why that is the case, but you might explain that for the record, too.

Mr Fisher—I am happy to explain that. When we sought the advice, money was outstanding. When the money was repaid, we felt that we no longer had an outstanding debt and that we should not pursue the issue further.

Senator FAULKNER—This was an issue of a commitment to repay. There was a time lag between Mr Reith's announcement that he would repay and the actual repayment itself. I think we all appreciate that. You might, for the benefit of the committee, outline whether you acted once you had the public commitment from Mr Reith.

Mr Fisher—We pursued the matter until we had a cheque.

Senator FAULKNER—Given the circumstances here, wouldn't the same conditions and qualifications that applied in the three advices that you sought and received from your legal advisers also have applied to the Solicitor General in the development of his advice?

Mr Fisher—It is difficult for me to comment. We did not brief the Solicitor General. We did not seek the Solicitor General's advice.

CHAIR—It really depends on the questions asked, Senator Faulkner.

Senator FAULKNER—Are you saying, Mr Fisher, that the department pursued these advices until a cheque from Mr Reith was in your hand? Is that what you are definitely saying to us?

Mr Fisher—Yes.

Senator FAULKNER—Would you be able to make these three advices available for the benefit of the committee?

Mr Fisher—The usual approach is not to provide legal advice.

Senator FAULKNER—I do not know whether the usual approach is necessarily relevant here because one advice that you have referred to yourself has been made public in relation to this very matter.

Senator Ellison—It was a decision of the Attorney-General to release that advice. There have been occasions when the government and previous governments have released advice.

Senator ROBERT RAY—When it agrees with your view.

Senator Ellison—Normally, in a generic sense, but not so much when it relates to a particular person. Senator Ray, I recall that you mentioned this in a debate on another issue which involved advice. It crops up frequently, as you know. This is a situation where the advice relates to a particular person, not in general. Because of the circumstances, the DPP made a statement and the Attorney-General was minded to release the advice of the Solicitor General. In any event, these have been referred to as preliminary advices, so I do not think it is appropriate to release them.

Senator FAULKNER—Minister, I am sure you would agree on the significance here that only one of these three advices supports the Solicitor General's advice on which the government depended.

Senator Ellison—I think you have the answer from Mr Fisher. He says that he does not know on what basis the Solicitor General was briefed, and he cannot answer that question because he did not brief the Solicitor General. So it is really comparing apples with pears. It could be, depending on how those particular people were briefed.

Senator FAULKNER—My question, to which I am waiting for an answer from the minister, was: can those three advices be tabled?

Senator Ellison—In accordance with the past practice I have described, they cannot be.

Senator FAULKNER—Minister, we have had an answer to my question on notice in relation to telecard usage that you are well aware of, and I note the repayment that Mr Reith has made. Has any other member or senator made a repayment as a result of telecard usage?

Senator Ellison—The department can answer that. Can I just define the question: is it—

Senator FAULKNER—I am asking if any other member or senator—

Senator Ellison—Is that in relation to the period you have mentioned—you have referred to your question on notice—or ever?

Senator FAULKNER—Forget the question on notice. There has been a lot of discussion about Mr Reith's repayment; it has been noted. We have even been talking about it here and we were canvassing it a few minutes ago. I am asking a general question as to whether any other member or senator has repaid any moneys to the department as a result of telecard usage?

Mr Gavin—In the period from 1 January 1996 to December 1999, which I imagine is what you are referring to—

Senator FAULKNER—No, not necessarily, Mr Gavin. I did not place a time period, but let me do so. Has any member or senator made a repayment from the present day back to January 1996?

Mr Gavin—In the extraction of the data, there was no indication that that had occurred.

Senator FAULKNER—I do not quite understand.

Senator ROBERT RAY—The data that you have been asked to extract was a limited set. There were something like 60 members of parliament not covered in that question. Senator Faulkner's question now is: from 1 January 1996 until yesterday has any member or senator repaid money in relation to a telecard?

Senator FAULKNER—That does two things, Mr Gavin, just to explain it further. It extends the time beyond the end time of my question of notice and, of course, it extends the

number of members and senators beyond those who were qualified, because of the nature of my question on notice, from the time of their parliamentary service.

Mr Gavin—There are no repayments that we know of, but we will check. Might I explain why I am being tentative? This data was extracted in our state offices, and that question was not asked of each of our state managers. It would not be appropriate to be categorical but, to the best of my knowledge, there were none.

Senator CONROY—Are you saying that your answer only relates to the data that has been extracted?

Mr Gavin—No. In the extended period there have not been any; in other words, this year. As for the broader population, I just do not know. But it is for the same reason—and this is not in any way avoiding your question—it is simply that repayment could have been made at a state level and not been thrown up in the exercise.

Senator FAULKNER—Yes, but there are also some other members and senators whom the exercise did not necessarily apply to. We all know that. I hear the point that you make, Mr Gavin, but I go beyond that to make the point that there are other members and senators my more general question would apply to. I would also make the other point that the time frame here is slightly different because we are talking up until the recent date.

Mr Gavin—We will check.

Senator ROBERT RAY—Has DOFA taken any action to investigate how the information relating to Mr Reith's telecard use reached the *Canberra Times* on 10 October?

Mr Fisher—No, not that I am aware of.

Senator ROBERT RAY—Is there any reluctance in this case to refer it to the Australian Federal Police because they were one of the two bodies that had the information?

Dr Boxall—Is this in reference to the initial publication of Mr Reith in the *Canberra Times*?

Senator ROBERT RAY—Yes.

Dr Boxall—No. We just did not decide to investigate that issue.

Senator ROBERT RAY—Why not? There have been several cases since I have been on this estimates committee where supposedly confidential information has reached the newspapers and the Federal Police have come knocking on a variety of people's door, including mine.

Dr Boxall—On the day after the information was published, a special committee met and they decided not to pursue this issue or investigate the publication of that material. The matter, as you know, had been referred to the Federal Police and, basically, what was made public was—as I understand it; I was on leave—the results of the police investigation.

Senator ROBERT RAY—Yes, I think I understand what you are saying there.

Senator FAULKNER—Dr Boxall, can I go to another issue that is associated with the question that Senator Ray just asked. I noted that Mr Reith at a media conference on 13 October was asked about whether, in effect—I paraphrase this—no-one would be any the wiser about this if, in fact, the matter had not been leaked in the *Canberra Times* about the question of the repayment of the \$950. Mr Reith said this:

You would be because the time – as soon as the payment of \$950 was made, at some stage there is a process for that to be tabled in the Parliament so it was always – you know, this claim that you're keeping it to yourself, the fact is it was always going to have a public exposure.

I was surprised at that statement because it does not accord, in my view, with the tabling processes or procedures. Perhaps you would be able to confirm that for the benefit of the committee.

Senator Ellison—I think I can answer that, because it was put to me in the Senate. As I recall, I mentioned that the matter, whilst not the subject of the normal tabling exercise, was the subject of a question on notice and, of course, would be tabled in the estimates. I think that is what Mr Reith was thinking of, and I think your comment, Senator Ray, was, 'That's not the Senate.' Nonetheless, it was very much known at that stage that there was a question on notice from Senator Faulkner, whereby any of this information would be made public via estimates.

Senator ROBERT RAY—But, in fact, when the Prime Minister was asked why he did not publicly announce the referral to the Federal Police on 10 May, he stated that these repayment figures would have shown up in tabling in the parliament. You do not deny that, do you?

Senator Ellison—I am not aware of the Prime Minister's comment—I would need you to refer me to that. I do remember Mr Reith saying that, and I think that was the question that was put to me in the Senate.

Senator ROBERT RAY—Yes, certainly.

Senator Ellison—But the Prime Minister, at one stage, I think, referred to the fact of this being tabled. As I understand it, he was again thinking of this process—that is, the question on notice.

Senator ROBERT RAY—Not in reference to his statement; he did not make it public on 10 May because Senator Faulkner's question was not asked until about 22 or 23 May. That has been the point, but I will look up that source.

Senator FAULKNER—Let me quote the Prime Minister directly, because I want to be clear so that you are entirely clear on this, too. I will quote from the transcript:

Now, \$950 repayment would in the normal course of arrangements have become public, because details of it are tabled in parliament along with the details of all other entitlements of members of parliament. So there is already in place a procedure whereby that would have become publicly known, so there was no cover up of that.

That is the Prime Minister's statement on 3AW. How does that accord with your comment about the estimates tabling, Minister?

Senator Ellison—Again, Mr Chairman, I would have to check the transcript on that, but I think you will find that the Prime Minister and Mr Reith both knew the question on notice was public. It had been the subject of press comment, and that is what they were referring to. They might have been confusing that with the normal tabling process, but at the end of the day it was certainly a matter which was going to be public, whether it be by tabling or during the estimates process.

Senator FAULKNER—The words 'estimates question' were never mentioned.

Senator ROBERT RAY—The reason why that is wrong, Minister, is that he said 'are tabled in parliament'. I do not accuse the Prime Minister of trying to mislead anyone; I just do not think he had a clue whether the phone accounts were tabled or not.

Senator Ellison—What you have here is the fact that we do have information which is being tabled in the estimates.

Senator FAULKNER—But neither of them used the term ‘estimates’, did they?

Senator Ellison—No, and that is what I am saying: that that is what the Prime Minister no doubt had in mind. You have a different mechanism, whether it is by tabling or by the estimates process. Either way, the information has been tabled and was going to be tabled.

Senator FAULKNER—Dr Boxall, if or when it became aware of these statements, did the department do anything to draw this problem to the attention of Mr Reith, the Prime Minister or the Prime Minister’s office? Was the process weakness drawn to anyone’s attention?

Mr Fisher—DOFA does not normally talk to other officers as a matter of form. It works through its own officers. We did discuss the issue with the office of our minister.

Senator FAULKNER—Did you draw it to Mr Fahey’s attention or Senator Ellison’s attention?

Mr Fisher—We discussed it with the office of the Special Minister of State.

Senator FAULKNER—So MAPS drew this to the attention of the Special Minister of State. What does your mob do with it, Senator Ellison?

Mr Fisher—Just to clarify, I do not recall whether we drew it to the attention of the office or the office drew it to our attention. I just want to be clear and not ambiguous. It was an issue that was discussed.

Senator FAULKNER—So either you knew about it and drew it to the attention of the Special Minister of State’s office or they knew about it and drew it to your attention. Can you enlighten us, Minister? You are obviously in the loop on this one. You know the Prime Minister has—I do not know whether it a serious technical error—got it all wrong. Mr Reith has made an error. We know that you are in the loop, courtesy of Mr Fisher, so what did you do?

Senator Ellison—Mr Fisher said he advised my office of that matter. I would have to check as to what action was taken. I have not sighted the quote that you have referred to. I have a 3AW interview here which does not seem to have that.

Senator CONROY—What date is yours?

Senator Ellison—I have a November date.

Senator ROBERT RAY—No, this is 13 October.

Senator Ellison—In fairness, I think it would be of assistance if you could point us to the interview.

Senator FAULKNER—It was 13 October on 3AW. The point is that we know from Mr Fisher that MAPS officers and your own office are talking about this. It is not the end of the world; it is not a hanging offence but it is misleading the public. I am not saying that it is deliberate misleading, but it is misinformation that is out there. The Prime Minister and Mr Reith obviously do not know what is going on. Did you take any action after this discussion between your office and MAPS? Did you draw it to the Prime Minister’s attention or Mr Reith’s attention?

Senator Ellison—I think there was some discussion about the process.

Senator FAULKNER—There was.

Senator Ellison—I would have to check on that and get back to you and verify that, because I just cannot say at this stage definitively if there was.

Senator ROBERT RAY—You will get back to us?

Senator Ellison—Yes. Can I just say that the situation was that the Prime Minister had in his mind the fact that it was a question on notice. There was a process of where it was going to be tabled.

Senator FAULKNER—God only knows why you said what you said in the parliament in the light of this evidence.

Senator Ellison—I said that then.

Senator FAULKNER—Hopeless.

Senator Ellison—I will refer you to it, if you like. Let us go back to it. Let us go back to the *Hansard* and check that. I think you will find that, when I was questioned in the parliament, I said that I thought—and I will have to check on whether it included the Prime Minister, but there may have been a reference to him as well—that there was an understanding by them that there was going to be a tabling of this information and that he must have been thinking of the question on notice.

Senator FAULKNER—We know what the facts are.

Senator Ellison—I will dig up that reference and we can refer to it.

Senator ROBERT RAY—We had a discussion on the preliminary figures for all members and senators that you forwarded to the Prime Minister's office. We had a contretemps over whether any of this material then reached its way to the gallery. You said there was no identification of anyone, I think. I am not verballing you there, Minister, am I?

Senator Ellison—I recall my evidence being that I had been advised by the Prime Minister's office that there would be no such divulgence of the confidence and no-one would be releasing any information to the press gallery, as you had indicated. That was the advice I had.

Senator ROBERT RAY—Did you read Malcolm Farr's article in the *Daily Telegraph* of 25 October 2000? It said:

Senior government figures, bolstered by the government's glowing opinion poll results, yesterday warned Labor it was not clean on the telecard use. Sources said one ALP senator and high profile former Labor minister had abused their tax-funded cards.

Senator Ellison—I do not recollect reading that article.

Senator ROBERT RAY—It is not so much in contradiction with your claim that no-one from the Prime Minister's office used the brief in the gallery, but it contradicts another part of the claim that there is no evidence that people were identified. I cannot draw the conclusion absolutely that that brief you sent to the Prime Minister was misused in the gallery, but I can still confirm that someone from the PM's press office was up there pointing the finger.

Senator Ellison—I have to say that my advice—and I have had that reconfirmed—

Senator ROBERT RAY—Yes, I know.

Senator Ellison—is that there was no leak of information from the PMO. The press office advised us of that as a result of what you said last time.

Senator ROBERT RAY—I have to say to you, Minister, that the jury is out on whether that material was used to go up in the gallery. I admit that. I qualify what I said last time. But the jury is not out that someone from there went up around the gallery pointing the finger at one of my colleagues.

Senator Ellison—You have a general statement, and one would have thought that, with the specifics, one would have expected an allegation to have more substance to it. What you have just quoted there is a general statement of allegation by someone. There were a lot of things being said at the time by a lot of people.

Senator ROBERT RAY—This is my last question on Mr Reith's telecard. In terms of his repayment of \$47,000—and I paraphrase that—why wasn't an appropriate rate of interest charged on the debt that he owed the Commonwealth, given that these payments had been made going back several years? I do not recall many government departments giving what turns out to be an interest free loan.

Mr Fisher—It was a question that was discussed in the committee at the time. The acting secretary, who was also chair of the committee at the time, consulted with the chief finance officer within the department. On the basis of that discussion, it was clear that the previous practice generally around repayments in the department, and the practice in relation to repayments within MAPS, had not been to apply interest in the case of people repaying money as a consequence of inadvertent or other misuse of entitlements.

Senator ROBERT RAY—There are two spots in Canberra where you can get an interest free loan: MAPS and DOFA. That is good, although I do not think anyone will be availing themselves of your services.

CHAIR—Mr Fisher, if there is an advertent misuse of funds, do you charge interest then?

Mr Fisher—It is not for me to judge motives.

CHAIR—What is the policy—not the inadvertent but the deliberate?

Mr Fisher—I am not aware of any departmental policy making the distinction.

Senator FAULKNER—Can we go to the issue of Mr Katter's telecard, which has received some publicity over the last couple of days. I think there has been extensive publicity about misuse over a three-week period. Could we identify when that three-week period was and if those reports are accurate?

Mr Gavin—The period was from 1 to 22 September 1997.

Senator FAULKNER—What can you tell us more broadly about the misuse that occurred within that period?

Mr Gavin—Is that about the misuse or about the subsequent events?

Senator FAULKNER—Briefly about the misuse and we will deal with the subsequent events, I promise you.

Mr Gavin—There is not a lot that I can actually tell you about the misuse. There was a subsequent police investigation. In fact, the only knowledge that I have is the letter that subsequently came from the Australian Federal Police. It said, effectively, that there was not sufficient evidence to justify any criminal proceedings but that the card had been used by a good number of people from a number of public telephone facilities in both Australia and overseas, and that the police had finalised their investigation.

Senator FAULKNER—When did you get that letter from the AFP?

Mr Gavin—On 9 October 1998.

Senator FAULKNER—Who blew the whistle?

Mr Gavin—Our Brisbane office of Ministerial and Parliamentary Services received a call from the Telstra customer service group in Queensland, as I understand it.

Senator FAULKNER—When was that?

Mr Gavin—On 23 September 1997.

Senator ROBERT RAY—When did the department contact Mr Katter about this?

Mr Gavin—Immediately.

Senator ROBERT RAY—Was the then minister informed?

Mr Gavin—To the best of my knowledge, no.

Senator ROBERT RAY—So there is a report that shows a \$13,000 usage, which Mr Katter obviously denied in the previous three weeks, and it is not reported to the minister?

Mr Gavin—That is right.

Senator ROBERT RAY—That does back up one thing, Minister. Maybe Mr Jull never knew about telecards. So the department procedure followed, which was to have it referred to the Federal Police and wait for them to take action, basically, or make recommendations?

Mr Gavin—That is right.

Senator ROBERT RAY—Was any legal advice sought on the issue of liability on this \$13,000?

Mr Gavin—No.

Senator FAULKNER—Not even internally?

Mr Gavin—No.

Senator ROBERT RAY—Has Mr Katter, apart from his statement today, ever in the past offered to repay the \$13,000?

Mr Gavin—To the best of my knowledge, no.

Senator ROBERT RAY—You see, what surprised me about this, Minister, is that these figures became available, in a fairly public sense, last Thursday. Mr Katter was contacted by the media. Anyone who finishes top, I think you would acknowledge, usually gets a phone call. He says at this stage, 'Oh, I've got a big electorate. I'm a bit phone mad—it's not surprising I've got the highest bill.' Is it credible at all to you, Minister, that Mr Katter had forgotten about this \$13,000 incident?

Senator Ellison—I cannot say what Mr Katter was thinking or otherwise. It is best to ask him. He has made a statement about this and he said that, when he was asked, he did not realise the period that it related to. He checked on that and he found that he was wrong and he put out a statement.

Senator FAULKNER—He did not get a letter like everyone else?

Senator Ellison—He got a letter?

Senator ROBERT RAY—Yes.

Senator FAULKNER—Like everyone else.

Senator Ellison—I imagine he would have, because we wrote to everyone.

Senator ROBERT RAY—Let us put it this way. It is \$28,000 over four years; it is \$13,000 in three weeks. It is a reasonable assumption, therefore, to think that his bill generally is a bit below \$4,000 a year, which means that, for the year 1997, it goes \$4,000, \$17,000, \$4,000, \$4,000. That would have been in the letter that you sent out to him, wouldn't it?

Senator Ellison—As to the breakdown of each year, I am not sure. I will just check with the department on that.

Senator ROBERT RAY—We have got our letters. We are sure. To be honest, to be helpful, you broke it into calendar years.

Senator Ellison—I am just double-checking what the position is. I can confirm that.

Senator ROBERT RAY—So the letter Mr Katter gets, presumably—and there is a presumption in here—shows a usage for 1996, a massive usage for 1997, a usage for 1998 and a usage for 1999. I assume that the figures for those three years are about the same, but they may not be. But there is a massive jump in 1997. You sent that letter to him with those figures?

Mr Gavin—There was a letter sent to Mr Katter on 23 October. Nothing really turns on this but, in fact, the jump occurred in 1998—

Senator ROBERT RAY—For billing proceedings?

Mr Gavin—because we did not make the payment until the completion of the police investigation.

Senator FAULKNER—Nevertheless, Mr Katter, as every member and senator does, either confirms or objects or there is no response. What was the case with Mr Katter?

Mr Gavin—We received no response.

Senator FAULKNER—You received no response from Mr Katter?

Senator ROBERT RAY—So he receives a letter. You are right: it does not turn much on it, because one year jumps. He receives a letter, presumably outlining \$4,000, \$4,000, \$17,000, \$4,000, approximately—it may vary a bit because of an election year or something else. And he does not bother to let you know! You would like that footnoted that, through no fault of his, \$13,000 worth of fraud or misuse of his card had occurred—and he does not even bother.

Mr Gavin—There was no response from Mr Katter. I might say that I am not confirming your figures.

Senator ROBERT RAY—No, I am not asserting them to be accurate. I am just saying that is the normal pattern of use.

Senator Ellison—A normal pattern for what? You are making an assumption that those are the figures—

Senator FAULKNER—That is right, Senator Ray is making an assumption. But the one thing that is not an assumption is that there is a massive spike in there when the \$13,000 of bodgie calls are recorded. We now know, through evidence of the department, that that was in 1998. No-one can deny that. It is true, isn't it?

Senator Ellison—Well, the \$13,000 was in 1998. Whether that was coupled with other usage which increased—

Senator FAULKNER—Exactly. The point is that there is a spike.

Senator Ellison—There could have been a zero for two years.

Senator ROBERT RAY—Could we get you to take on notice whether there was a massive spike in 1998, without asking you to reveal to us what the figures were from 1996 to 1999. Isn't that a fair question?

Mr Gavin—As I said before, there was a significant increase in the 1998 figure.

Senator ROBERT RAY—In this police investigation, of course, the letter that came back to you just said that there was not enough evidence to proceed. Mr Katter has run the 'oldie but a goodie' out: 'This number could have been taken through operator connected calls from hotels and motels.' To your knowledge, did the police look at that?

Mr Gavin—I do not know.

Senator ROBERT RAY—We are going to have to get some character checks done on hotel phone operators, I am afraid.

Senator Ellison—I think there was a police investigation and those questions need to go to the AFP. There was an investigation which spanned 12 months.

Senator ROBERT RAY—Minister, you know we cannot go to the AFP for that sort of detail. We do not do it on principle.

Senator Ellison—But you also know that this department cannot tell you what was in the minds of the officers of the AFP—what they looked at and what they did not look at. That is an unfair question for this department.

CHAIR—I think the question was more rhetorical, Senator Ray.

Senator ROBERT RAY—Is there any indication that Mr Reith and Mr Katter were calling each other in this period?

CHAIR—That is rhetorical as well.

Senator FAULKNER—I notice Mr Reith said, 'The thing is still being investigated.' That is not correct, is it? Didn't he say that in the parliament?

Dr Boxall—Mr Reith?

Senator FAULKNER—Sorry, Mr Katter—did I say Mr Reith?

Senator Ellison—Yes, you did.

Senator FAULKNER—I meant to say Mr Katter; sorry about that.

Mr Gavin—The advice we received from the Australian Federal Police in 1998 was that they had finalised their investigation.

Senator ROBERT RAY—I will tell you why I am puzzled about all this. There is a \$13,000 spike over three weeks. Telstra contacts the department. You immediately contact Mr Katter and then put it in the hands of the Federal Police. That is not an unfair statement, is it?

Mr Gavin—That is correct.

Senator ROBERT RAY—Therefore, if someone theoretically asserted to me, or I saw them assert at a press conference, that a million dollar bill would have been paid unquestionably by you, that could not be right.

Senator Ellison—This is a hypothetical question, Mr Chairman, like, 'If something happened and I saw it, it couldn't possibly be right.' You cannot answer a question like that.

Senator ROBERT RAY—Minister, you have Mr Reith, at that Melbourne press conference, reporting his discussion with DOFA officers. Last week you ruled that the DOFA officers cannot respond to that because that will reveal the conversation, so I cannot press that particular point. But what Mr Reith basically has done is verbalised the department very badly by asserting that if they got a million dollar bill on a telecard they would have paid it and they would not have informed him. Yet here we have an example of a \$13,000 bill which Mr Katter is immediately told of and the Federal Police are brought in immediately. Therefore I say that that does not say much for the credibility of Mr Reith and you, Minister, should defend your department officers that they did not make that statement. You should, not them.

Senator Ellison—Mr Chairman, Senator Ray has made a number of comments. They are his comments, and I disagree with them.

Senator ROBERT RAY—Do you disagree that Mr Reith made the statement that he had this conversation with departmental officers in which he asked, ‘If a million dollar bill came in, would you pay it?’ the department officers said yes. Mr Reith stated that when he then asked, ‘Would you have informed me?’ the department officers said no. Are you asserting that is a truthful replication of the conversation with the DOFA officials?

Senator Ellison—Senator Ray, we have gone over this ground before. I was not privy to that conversation; I was not present. Can I just say this—

Senator FAULKNER—No, but two officers at the table were.

Senator Ellison—Mr Chairman, we have gone over this ground before and I have made the position quite clear.

Senator FAULKNER—No, you have not.

Senator Ellison—Yes, I have. The department does not divulge conversations it has—

Senator ROBERT RAY—Just ministers! Just ministers trying to get out from under.

Senator Ellison—I am talking about the witnesses who are here, Senator Ray, and you know full well that at estimates—and it has been this way for a very long time and there are good reasons for it too, because a lot of discussions are had with members and senators about entitlements—those details are not revealed.

Senator ROBERT RAY—Yes, by either side. That is the point.

Senator Ellison—If you have an issue with that, address it to Mr Reith.

Senator FAULKNER—This would scare the tripe out of over 200 members and senators, wouldn’t it?

Senator Ellison—What do you mean by that?

Senator FAULKNER—People would be pretty worried if that was the case. I think any member or senator might be fairly concerned about their own situation if there was any truth to this. The point is that you said, Minister, that this is a hypothetical question. The truth is that there are two officers at the table who were present and who can answer this categorically and tell us whether Mr Reith was telling the truth or not, even though everybody in the room knows that he was not.

CHAIR—They cannot really answer that.

Senator Ellison—I really do not think we can take the matter further, Mr Chairman.

Senator ROBERT RAY—I notice that we have only five minutes to go on MAPS. Is that right?

CHAIR—Yes.

Senator ROBERT RAY—The good news for those at the table is that I will not be able to go through all my questions. The bad news is that they will keep until February. I want to ask Dr Boxall a question, and maybe Ms Whisker can help us here. I put in a query to the department that I have not had an answer to yet. I am not annoyed by that, in any sense. But, in terms of authorisation to drive electorate cars, am I right in asserting that the Remuneration Tribunal only talks about authorisation, that you must authorise someone to use those cars?

Mr Gavin—The Remuneration Tribunal determination in fact talks about nomination for people who are to use it personally.

Senator ROBERT RAY—Does it talk about nomination in writing?

Mr Gavin—No.

Senator ROBERT RAY—Is there a procedural rule that requires that?

Mr Gavin—In the guidelines—

Senator ROBERT RAY—No, I asked you: is there a procedural rule?

Mr Gavin—No.

Senator ROBERT RAY—Are the guidelines equated to a procedural rule?

Mr Gavin—The guidelines set out procedures but they are not in the form of an instrument as signed by the minister, which you would require if you wanted to rely on them as procedural rules.

Senator ROBERT RAY—Has there been a bit of a rush of nominations for authorised drivers in the last two or three months?

Mr Gavin—There have been a number of updates.

Senator ROBERT RAY—Senator Faulkner has one more question. I would like to thank you for sending me the missive on fuel cards four times—I really appreciated that. I think it is a good idea to send this sort of thing out to remind people to put their odometer readings down. I point out that you sent that a year ago, which was very useful to us all, and now you have sent out a reminder. Thanks for sending it four times, whoever did that.

Senator BRANDIS—I want to direct a few questions to the officers concerning the incident involving Senator Crossin's privately plated vehicle. Some of these questions may need to be taken on notice. I am not directing this question to any particular officer. Whoever can answer is welcome to do so. Prior to the accident involving Senator Crossin's privately plated vehicle, is it the case that she had not nominated Jennifer Byrne to DOFA in writing as an authorised driver?

Mr Wight—We have an authorisation dated 25 October 2000 from Senator Crossin.

Senator BRANDIS—In respect of Ms Byrne?

Mr Wight—That is correct.

Senator BRANDIS—And that is the only authorisation that you have in respect of Ms Bryne?

Mr Wight—Yes.

Senator BRANDIS—That authorisation was made approximately seven months after the motor accident involving Senator Crossin's vehicle when being driven by Ms Byrne. Is that correct?

Mr Wight—It was made on 25 October 2000.

Senator BRANDIS—That was two days after the accident was first publicly reported?

Mr Wight—I am not sure of the exact date of the media report.

Senator BRANDIS—Perhaps you can take that on notice. If some seven months had elapsed between the accident involving the vehicle under Ms Byrne's control and the nomination, is a delay of that period—that is, about seven months—unusual?

Mr Wight—That is a hard question to answer. I am not sure what is usual or what is not, but I can tell you what the department records show.

Senator BRANDIS—In comparison to common practice among members and senators in respect of the authorisation of drivers, is it uncommon for there to be a delay of several months after the vehicle is first used by a person in that person being nominated as a driver?

Mr Wight—The guidelines say that any authorisation the senator or member gives to another person must be advised to ministerial and parliamentary services in writing.

Senator BRANDIS—That implies in advance, doesn't it?

Mr Wight—It says, 'in writing'.

Senator BRANDIS—My question is: would you not agree that implies in advance of the use of the vehicle?

Mr Wight—It is probably a reasonable assumption, yes.

Senator BRANDIS—The idea of a retrospective nomination would seem to be inconsistent with the spirit, and the strict letter, of the guidelines, wouldn't it?

Mr Wight—The determination says: when used for private purposes the vehicle is to be driven only by the senator or member or a person or persons nominated by the senator or member.

Senator BRANDIS—Which, as a matter of English, means that that person must have been nominated—past tense.

Mr Wight—I think that is a reasonable assumption.

Senator BRANDIS—Was there any other contact over the authorisation of drivers between the department and Senator Crossin in the period of time between the accident—that is, February 2000—and her written authorisation in October 2000? Specifically, was there any written or telephone contact between Senator Crossin and DOFA in this period concerning the authorisation of a driver for her vehicle?

Mr Fisher—I will ask Mr Wight to answer the question as far as he can. If we go to details—

Senator BRANDIS—You can take this on notice, if you like.

Mr Fisher—We may be able to answer it at the table, but I would invite the account manager to the table.

Mr Miles—The only contact that I am aware of is a phone conversation between Senator Crossin and me, I think, on 25 October or the day before.

Senator BRANDIS—Is that telephone conversation minuted?

Mr Miles—I do have a record of it.

Senator BRANDIS—In accordance with the ordinary practices of your department, would any conversation of that kind as a matter of routine be minuted or otherwise recorded?

Mr Miles—The current practice is to maintain a call register of correspondence and communication between senators and members and the department.

Senator BRANDIS—So the absence of any minute or other record prior to 25 October suggests that there was no verbal request for an authorisation prior to that date?

Mr Wight—The department has no record of an earlier approach.

Senator BRANDIS—You have told me that the ordinary practice of the department is that such a verbal request would be minuted or otherwise recorded. The absence of such a record suggests, inevitably, that there was no request prior to the date of your record of 25 October?

Mr Wight—If there had been such an approach, we would have asked the senator or member to fill in the relevant form and submit that to the branch.

Senator BRANDIS—And there would be a record of it therefore?

Mr Wight—Yes.

Senator BRANDIS—Thank you.

Senator ROBERT RAY—I want to go back to this point. There is nothing in the Remuneration Tribunal that says that you have to nominate an authorised driver in writing to the department?

Mr Wight—The Remuneration Tribunal determination says that a senator or member needs to nominate a person.

Senator ROBERT RAY—Yes, ‘needs to nominate’. It does not say, ‘needs to nominate in writing to the MAPS section of DOFA’.

Mr Wight—I cannot add to my last comment.

Senator ROBERT RAY—I think if you have the Remuneration Tribunal stuff in front of you you can confirm that what I am saying is right.

Mr Wight—I think I have.

Senator ROBERT RAY—Yes. Secondly, we can reconfirm there is no procedural rule which would also be binding on a member and senator and have legal effect, is there?

Mr Gavin—That is true.

Senator ROBERT RAY—I am not defending the lack of nomination, by the way. I think all members should nominate in writing in advance of a driver being authorised. I just wanted to make it clear that I am not sure, the way the current regime is, that it is totally legally binding on members and senators to do so. I think it should be. Thank you.

Senator FAULKNER—I have read some press speculation about a staff member of Senator Harris in relation to travel entitlements and their usage. Have there been any complaints received in MAPS about Ms Hanson, who is either an employee or a former employee of Senator Harris, in relation to the misuse of travel entitlement?

Mr Fisher—I confirm that we read the same press articles at probably the same time that you did. We did some internal investigations, as we do, to establish whether there is a prima

facie issue. On the basis of our internal investigations we advised that there was an issue to be pursued and I understand that the minister has written to Senator Harris drawing the matter to his attention and inviting a response, which is our normal procedure.

Senator FAULKNER—Yes.

Mr Fisher—We are awaiting a response.

Senator FAULKNER—Just so we are clear, I do appreciate, Mr Fisher, the point you make that that is your normal approach on these issues and I respect that. Could you indicate to us the dates of your determination that there was an issue to be pursued and, Minister, when you wrote to Senator Harris as a result?

Senator Ellison—I do not have a date of my letter here. Was the date of the article 17 October?

Senator FAULKNER—It could have been. It is not the date of Senator Ray's article.

Senator Ellison—I am sorry; I do not have a date for you. I will have to take that on notice.

Senator ROBERT RAY—It was 26 October.

Senator FAULKNER—The date is here. We know that; it is on the front.

Senator Ellison—It was some time this month. I am sorry to be as general as that, but I will have to take that on notice and get back to you.

Senator FAULKNER—I appreciate that, Minister. Is there any information you can add in terms of timing from a departmental perspective, Mr Fisher?

Mr Fisher—The issue was drawn to our attention in mid-October. It is difficult to be precise about where in the point of our initial internal inquiries we formed the view that the matter needed to be pursued, because it was evolving—and these things are always evolving issues. But we followed it through and briefed the minister on 21 November.

Senator Ellison—That narrows it down a bit.

Senator FAULKNER—All right. I might flag with you, Minister, that, in all likelihood, I will follow this through in the next round of estimates, depending on where the process is up to, obviously.

Senator Ellison—Sure.

Senator ROBERT RAY—I understand that 26 February, for your information, is when we rejoin.

Senator Ellison—Is that your date of estimates?

Senator ROBERT RAY—We are pretty certain that 26 February is a close estimate of estimates.

Senator MURRAY—Is the department subject to a freedom of information request on this matter?

Senator ROBERT RAY—They have answered all of this on notice from me.

Senator MURRAY—Can you answer?

Mr Fisher—Can I take that on notice and come back to you as quickly as possible?

Senator MURRAY—I just suggest that, if you are and you did decide to comply with it, it would be appropriate to let the committee have the same material.

Senator ROBERT RAY—I will just point out, Senator Murray, that I asked a question on notice about this and got a fairly complete answer. I think you can confirm that—complete and up to the date about which I asked, or are we at cross-purposes?

Mr Fisher—I am confused.

Senator Ellison—I think we are at cross-purposes. I will take your comments on board, Senator Murray.

Senator CONROY—Are all government agencies and departments on accrual accounting systems?

Senator ROBERT RAY—What does that have to do with MAPS?

Senator CONROY—I am just asking Dr Boxall.

Dr Boxall—That is not in MAPS.

CHAIR—There are no further questions for the Department of Finance and Administration. Dr Boxall and officers, many thanks for your help. We request all answers to questions on notice by 19 January next year. I now call on officers of the Australian Electoral Commission.

[10.45 p.m.]

Australian Electoral Commission

CHAIR—I welcome Mr Cunliffe, Mr Dacey and other officers from the Australian Electoral Commission.

Senator ROBERT RAY—Sorry to have kept you waiting so long. I have got seven questions, Mr Chairman, so I will try to belt through them as quickly as possible.

Mr Cunliffe—Can I quickly speak? I have some brief words prepared. I am conscious of the time and the limitations, but I did want to place on record the commissioner's gratitude for the advice that the committee was so helpful with to enable him to travel to Canada in relation to the Canadian election—which was yesterday their time, today our time. The Canadians on this occasion have acted, at least partly inspired by AEC practice at recent elections, to have a pre-election program and the commissioner was particularly keen to see that. He was most grateful for the advice through the committee secretary that enabled him to make the trip. I just wanted to place that on the record.

CHAIR—Thank you, Mr Cunliffe.

Senator FAULKNER—He should take in Florida as well!

Mr Cunliffe—Also, he has of course said that if there are questions that require his personal attention, he will ensure they get the highest priority and get them back to the committee as soon as possible.

CHAIR—Thank you very much.

Senator ROBERT RAY—This is total ignorance by me—have we actually appointed a deputy electoral commissioner yet?

Senator Ellison—No, that matter is with me, and I hope to have that resolved in the near future. It is to go to government.

Senator ROBERT RAY—Yes. I think the last time I asked it was indicated that it would be resolved in a couple of months, and more than that has gone by. So you think that will be done when?

Senator Ellison—I am hoping in the near future.

Senator ROBERT RAY—The review of payroll processing for casual staff—could I have just a very quick report of where that is up to.

Ms Davis—I think we spoke last time about some external consultants that we had hired. They just presented the draft report to the steering committee this week. It is yet to be considered by the management board—the steering committee is yet to present that to the management board.

Senator ROBERT RAY—That is good. You mentioned that Mr Becker is in Canada, but did you have observers in the US for their presidential and congressional elections?

Mr Cunliffe—Mr Pickering and Mr Dacey were in the US for some of the period leading up to the US election. They were not formal observers in the same way as we sometimes have observers, but they were there to observe and to also undertake a number of other operationally relevant visits.

Senator ROBERT RAY—Did you learn anything or did you give them some hints?

Mr Dacey—Unfortunately, we left not long after polling day before a lot of the trouble started. The main purpose for our visit was to look at advances in electronic voting in the US and, as Mr Cunliffe said, we were not there as formal observers, as you may know. As we have read recently, the US does not have a central electoral administration, so there was really no-one to invite us as formal observers. We did manage to informally observe through some contacts on polling day and prior to polling day, but not in Florida.

Mr Pickering—Not looking at chads!

Senator ROBERT RAY—That is good. I think on 24 May, when you were last here, you thought that it would take up to two months to finalise the audit of One Nation's accounts. Is there any update on that?

Mr Cunliffe—Yes, there is, but unfortunately it is not finalised. I might call on Mr Pearson, who is acting as Director of the Funding and Disclosure Section in the disclosure area at the moment. Mr Edgman is undertaking some special duties. I think it was Mr Edgman who spoke last time in relation to the process, but Mr Pearson is probably the best placed to bring you up to date.

Senator ROBERT RAY—If it is not completed I do not think I can ask any questions.

Mr Cunliffe—You will be broadly aware that there has been court action in the ACT.

Senator ROBERT RAY—No, I was not actually.

Mr Cunliffe—There has been court action in the ACT, not by us but by Ms Hanson, and I think a provisional liquidator has been appointed.

Senator ROBERT RAY—I am sorry, I am aware of that.

Mr Cunliffe—You possibly have picked up from the press reports that some of that is because of difficulties in accessing financial information.

Senator FAULKNER—On 24 May you said on this issue that it was progressing and that you expected the compliance audit to be concluded in about two months from that date. I am not being critical here, but that is quite a significant blow-out in the timetable. I wonder if you have a clearer idea of when it might conclude. I appreciate the points that are made about the issues that were raised in the *Gold Coast Bulletin*, et cetera; I am aware of that.

Mr Cunliffe—And in other closer to home papers—the *Canberra Times* also covered it extensively. I will call on Mr Pearson if you want step-by-step stages, but in broad terms it is fair to say that, just as difficulties have been reported in that court proceeding in finding financial papers, we have had difficulties also in having access to all the relevant financial papers. So I cannot give you a date when they will emerge. I can only hope they will emerge, in which case we will be progressing the matter as quickly as we can.

Senator FAULKNER—The reason I ask this is to do with the technical question. I have obviously read the press articles about the possibility that the party, for example, might be bankrupt. If, for example, you have a party declared by a court to be bankrupt—this is, in a sense, a hypothetical question, but I think it is a reasonable one in these sorts of circumstances—is there an issue in relation to the AEC's powers over its compliance audit or other powers in terms of a capacity to deregister a party and stop it operating? Are these issues on which you have had to exercise your mind, or are they not of concern to the AEC as you are undertaking the compliance audit process?

Mr Cunliffe—Can I separate that into two? It has two parts: one is obtaining access to the books, one is what steps might be taken in relation to the existence of the party as a registered entity. I think it would be fair to say—but I might call on Mr Edgman—that the powers that the legislation gives us these days are fairly broad to demand the production, regardless of whether it is held by the person who was previously involved in the party or some other person. The difficulty comes when those papers do not emerge and the individuals who have been identified as possibly or probably having possession of them claim not to have possession of them. In the same way perhaps as company liquidators find themselves in what I might refer to as something of a round robin, I think that that is something which the legislation is not going to fix. The only way I suppose any of those things might be fixed would be if people were required to lodge books at the same time as they lodge returns, which would not be a sensible step for the occasional issues such as this, I think.

Senator FAULKNER—Are you really saying that you are breaking new ground, in a sense, in relation to this compliance audit or these processes, that some of these issues are ones that you have not had to deal with before? That is, I suppose, the point of my questioning. I have not, as an interested observer, seen this sort of level of complexity of issues and I wondered about their interface with the compliance audit.

Mr Cunliffe—My limited expertise suggests to me that this is novel, but perhaps Mr Edgman, who has more history, would be better placed to confirm that.

Senator FAULKNER—If he could just do that briefly, it would be helpful.

Mr Edgman—Yes, it is new ground for us. It is the first time that we have been in a position of auditing a political party that has substantial finances and, therefore, significant disclosures, that has been in effect disintegrating while we have been trying to conduct the audit. What that means is that quite often getting hold of the books is not such a simple matter, because people who hold the books are no longer members of the party and so it becomes a lengthy process to actually obtain those books. I believe that the act actually does give us the powers to demand those records, but it is a longer trail to get to the records.

Senator FAULKNER—There is a lot I would like to ask you, Mr Edgman, but we are running very short of time so we will revisit this, but I will flag that with AEC.

Senator ROBERT RAY—On page 363 of the Finance and Public Administration *Hansard* of 24 May, I asked a question on the use of the roll by the tax office in terms of who may have contacted the Electoral Commission. Mr Dacey actually answered the question and said:

I have not spoken to anyone outside of the Taxation Office.

I accept that, but the question was more broad and the answer was just by one officer. Could you take on notice whether anyone else spoke to other outside people about this issue? I did not cover that off properly at the time?

Mr Cunliffe—Whether any other AEC officer spoke to someone—

Senator ROBERT RAY—From other departments, from the Prime Minister's office et cetera on that issue.

Mr Cunliffe—Up to what date? I am not trying to be funny. It is obvious perhaps that there would—

Senator ROBERT RAY—Prior to us raising the issue in estimates. I am sure it is quite possible afterwards, and I am not even sure it occurred beforehand, but I have got that impression.

Mr Cunliffe—I will certainly take that on notice.

Senator ROBERT RAY—Thank you. Just as a knock-on issue on this, we heard evidence last time that the AEC gets its legal advice from the Australian Government Solicitor's office. Are you charged for that advice and are you contemplating going outside that for secondary advice in future?

Mr Cunliffe—They are the Australian Government Solicitor, which is now actually a statutory entity that we have used for this sort of advice traditionally, and we have continued to use them throughout this period. Yes, we are charged. The charging regime was introduced progressively on a range of issues and with a range of subtleties. For instance, we were traditionally treated differently for legislation being prepared, matters progressing to cabinet or other what I would describe as whole-of-government priorities.

In recent times that has actually changed, a matter which concerns me I have to say, Senator, and it is now the practice that we are also charged on those issues which traditionally were budget funded but not direct to the budget of the user. But, yes, we do pay. We are looking broadly at the issue of the provision of legal advice. There are, of course, some tied categories, and on those categories we do not have any choice. The Australian Government Solicitor in some form must undertake that role.

Senator ROBERT RAY—Do you get a discount when they write to you with a better view than they believe?

Mr Cunliffe—I noticed your words in the Senate along those lines, and I have to say it was a view that I felt some sympathy with.

Senator ROBERT RAY—Just one last issue if I could, Chair, a bit relevant to events of the last few days. Is it correct that the AEC received a complaint from the New South Wales Branch of the Labor Party complaining that the Liberal Party had offered to pay for the reprinting of how to vote cards for the Shooters Party in the Lindsay by-election?

Mr Cunliffe—I do not know that we are in a position to answer that tonight, Senator, but we could certainly inquire and respond to you. It is fair to say that we receive many complaints during the course of elections and by-elections.

Senator ROBERT RAY—Let me add to it then, if you are taking it on notice. Was this referred to the DPP for preliminary advice and was this complaint, which is by the way backed up by the Shooters Party leader and the Shooters Party candidate, referred to the AFP,

because I am sure the minister will want to refer it immediately to the Joint Standing Committee on Electoral Matters?

Mr Cunliffe—I will certainly inquire, Senator, and advise you.

Senator ROBERT RAY—Thank you.

CHAIR—I think we have got a couple of questions left, Senator Murray and Senator Conroy.

Senator MURRAY—Very quickly on notice to Mr Cunliffe, I have a request which Mr Edgman or his colleague might have to help us with. I think Senator Faulkner is dead right that this is a brand new experience trying to elicit information from a party structure and a party situation such as One Nation finds itself in. My request is that you consider providing the committee with a briefing note indicating the new circumstances and in what sense your powers are deficient or would need to be adjusted in line with other Commonwealth legislation. I am familiar with the fact that in other Commonwealth matters the requirement to produce information is accompanied by a criminal penalty if you fail to do so.

Mr Cunliffe—It is true also in our legislation.

Senator MURRAY—That is right. What I would like to know is why that does not work—the combination of those things in these circumstances—and I think a briefing note would be a better form of our understanding than trying to get it through a question and answer session. It is just a request. If you find it difficult to comply with—

Mr Cunliffe—Can we consider that, Senator? It may be, for instance, that the Joint Standing Committee on Electoral Matters is a better forum for that sort of issue to be rehearsed, possibly as part of the funding and disclosure issue. It certainly falls in that area probably better than in the estimates area.

Senator MURRAY—I am conscious though that we have passed by the 1998 election evaluation where this sort of thing comes up, and it may be useful for us to discuss this.

Mr Cunliffe—I suppose the other reason I hesitate at this stage is that we are not yet at the end of the trail, or at a point where we think we have exhausted all the possibilities. So I suppose there is also a question of timing if we were able to do this.

Senator MURRAY—Perhaps the early part of next year; I do not have a time constraint on it.

Mr Cunliffe—We will certainly consider it. We will advise what we think we might do and possibly a timing once cleared.

CHAIR—Senator Conroy.

Senator CONROY—I understood that the Solicitor General in relation to the telecard issue ruled that Mr Reith and politicians in general were not employees—I think from recollection of the legal advice.

Senator Ellison—I would have to check that. What was your question?

Senator CONROY—Does that affect any other entitlements for us, and specifically I was just wondering how that impacted on the question of frequent flyer points?

Senator Ellison—I will take that on notice.

Senator CONROY—Yes, with your indulgence if you could take that on notice.

CHAIR—Thank you, Senator Conroy. I think that is it and that concludes the examination of the portfolio of Finance and Administration. Mr Cunliffe, officers from the AEC, many thanks for your help. Minister, of course, colleagues, Hansard, Sound and Vision, thank you very much. This committee is now adjourned.

Committee adjourned at 11.03 p.m.