



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

STANDING COMMITTEE ON FINANCE AND PUBLIC  
ADMINISTRATION

ESTIMATES

**(Budget Estimates)**

MONDAY, 21 MAY 2007

CANBERRA

BY AUTHORITY OF THE SENATE



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**SENATE STANDING COMMITTEE ON  
FINANCE AND PUBLIC ADMINISTRATION**

**Monday, 21 May 2007**

**Members:** Senator Fifield (*Chair*), Senator Forshaw (*Deputy Chair*), Senators Boyce, Carol Brown, Fierravanti-Wells, Moore, Murray and Watson

**Participating members:** Senators Barnett, Bartlett, Bernardi, Boswell, Bob Brown, Carr, Chapman, Conroy, Crossin, Eggleston, Chris Evans, Faulkner, Ferguson, Fielding, Heffernan, Hogg, Joyce, Kemp, Ludwig, Lundy, Marshall, Sandy Macdonald, McGauran, McLucas, Milne, Nettle, O'Brien, Parry, Payne, Robert Ray, Ronaldson, Sherry, Siewert, Stephens, Trood, Webber and Wong

**Senators in attendance:** Senators Allison, Boyce, Carol Brown, Chris Evans, Faulkner, Fierravanti-Wells, Fifield, Forshaw, Moore, Murray and Wong

**Committee met at 9 am**

**PARLIAMENT PORTFOLIO**

**In Attendance**

Senator Calvert, President of the Senate

**Department of the Senate**

Mr Harry Evans, Clerk of the Senate  
Dr Rosemary Laing, Deputy Clerk of the Senate  
Mr Cleaver Elliott, Clerk Assistant (Procedure)  
Mr Richard Pye, Clerk Assistant (Table Office)  
Ms Maureen Weeks, Clerk Assistant (Committees)  
Ms Andrea Griffiths, Usher of the Black Rod  
Mr Joe d'Angelo, Chief Financial Officer

**Department of Parliamentary Services**

**Portfolio overview and major corporate issues**

Ms Hilary Penfold QC, Secretary  
Mr David Kenny, Deputy Secretary  
Ms Roxanne Missingham, Parliamentary Librarian  
Ms Judy Konig, Chief Finance Officer  
Ms Val Barrett, Assistant Secretary, Strategy and Business Services Branch  
Ms Freda Hanley, Assistant Secretary, Product and Service Development Branch

**Output 1: Library services**

Dr Jane Romeyn, Assistant Secretary, Research Branch  
Ms Nola Adcock, Assistant Secretary, Information Access Branch  
Mr John MacDonald, Director, Publishing, Information Access Branch

**Output 2: Building and occupant services**

Ms Karen Griffith, Assistant Secretary, Building Services Branch  
Superintendent Mark Andrews, Protective Security Controller, AFP-Protection, Parliament House

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Mr Graeme Petteit, Director, Security Operations, Building Services Branch  
Ms Bronwyn Graham, Director, Security Planning and Administration, Building Services Branch  
Ms Karen Greening, Director, Facilities, Building Services Branch  
Mr Rodney Bray, Director, Building and Security Projects Section, Product and Service Development Branch  
Mr Neil Pickering, Director, Information Technology Projects Section, Product and Service Development Branch

**Output 3: Infrastructure services**

Mr John Nakkan, Assistant Secretary, Infrastructure Services Branch  
Mr David Rolfe, Acting Director, Maintenance Services, Infrastructure Services Branch  
Mr Frank Daniele, Acting Director, IT Operations (Support and Maintenance), Infrastructure Services Branch  
Mr Phil Lokan, Director, Computing Services, Infrastructure Services Branch  
Mr Roger Bollen, Acting Director, Broadcasting Infrastructure and Support, Infrastructure Services Branch  
Mr Ralph Wese, Director, Telecommunications, Infrastructure Services Branch

**Output 4: Parliamentary records services**

Ms Therese Lynch, Assistant Secretary, Content Management Branch  
Mr Trevor Fowler, Director, Hansard (Operations), Content Management Branch  
Mr Sean Daly, Acting Director, Hansard (Support), Content Management Branch  
Mr Vlodek Skiba, Director, Broadcasting Content, Content Management Branch

**CHAIR (Senator Fifield)**—I declare open this meeting of the Senate Standing Committee on Finance and Public Administration. The Senate has referred to the committee the particulars of proposed expenditure for 2007-08 and the particulars of proposed supplementary expenditure for 2006-07 for the parliamentary departments and the portfolios of Prime Minister and Cabinet, Finance and Administration, and Human Services. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee has fixed 6 July 2007 as the date for the return of answers to questions taken on notice.

The committee's proceedings today will begin with its examination of the parliamentary departments, followed by the Prime Minister and Cabinet portfolio today and tomorrow. Examination of the Finance and Administration portfolio and the Human Services portfolio will commence on Wednesday and Thursday. I propose to proceed by opening with general questions of the Department of the Senate and then calling on the outcomes and outputs in the order listed on the agenda.

Under standing order 26, the committee must take all evidence in public session; this includes answers to questions on notice. I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as contempt. It is also a contempt to give false or misleading evidence to a committee.

The Senate, by resolution in 1999, endorsed the following test for relevance of questions at estimates hearings: any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise.

The Senate has resolved also that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

If a witness objects to answering a question, the witness should state the ground upon which the objection is taken, and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. Any claim that it would be contrary to the public interest to answer a question must be made by the minister and should be accompanied by a statement setting out the basis for the claim.

[9.03 am]

#### **Department of the Senate**

**CHAIR**—I welcome the President of the Senate, Senator Calvert; the Clerk, Mr Evans; and officers of the Department of the Senate. Senator Calvert, do you wish to make an opening statement?

**The PRESIDENT**—Thank you, Chair, and congratulations on chairing your first estimates hearing in this area. I have no opening statement regarding these specific estimates for the Department of the Senate. But, as the department funds official hospitality for the President's office, I would like to take this opportunity to make a public clarification.

In March, Senator Bob Brown came to see me in my office to let me know that the Dalai Lama would be visiting Canberra later this year and to ask whether there was any sort of official hospitality I as President of the Senate could offer to him. I carefully considered the request and on 7 May wrote a personal letter back to Senator Brown advising him that I regretted that, owing to international sensitivities, I would be unable to assist on this occasion. Senator Brown has chosen to publish my personal letter to him. The only observation I will make about that is that, in my written dealings with him in the future, I will take that into account.

Putting that aside, I would like to make two points to the committee. The first is that the decision not to offer Senate funded hospitality was mine and mine alone. I did not seek advice or comment from any government minister, and media reports, including some by the ABC, that 'the government' had banned the holding of a parliamentary reception for the Dalai Lama are manifestly wrong. They, of course, confuse the executive and the legislature. The second point I would make is: I have no difficulty with the Dalai Lama visiting Parliament House as one of many distinguished visitors who comes to this place every year. Consistent with the

practice of our predecessors, the Speaker and I do not extend official hospitality to any of these individuals unless they are visiting parliamentarians or groups with which we are formally associated. As presiding officers our hospitality role properly centres on parliament-to-parliament relations. The Dalai Lama is a spiritual leader; he is not a parliamentarian.

Without at all reflecting on His Holiness, I make the strong point that the Dalai Lama is not a person to whom parliamentary hospitality would be extended by me or by my predecessors as President. The same principle applies to other distinguished visitors to Australia who might as part of their itineraries happen to visit Parliament House. Senators and members are of course free to meet the Dalai Lama or to extend hospitality to him, as they did during his last visit in 2002, but such an occasion will not be under the auspices of the parliament. Thank you, Chair.

**CHAIR**—Just before I move to general questions, I should place on the record the committee's appreciation for the chairmanship of the former chair of this committee, Senator Brett Mason, and for the charm and distinction with which he chaired this committee, and also welcome Senator Sue Boyce as a member of the committee. I would also like to record the appreciation and thanks of the committee for the work of Mr Alistair Sands, the previous secretary, who was a terrific secretary to this committee, and also welcome Mr Stephen Palethorpe, the new secretary of the committee. We will start with general questions. Senator Faulkner.

**Senator FAULKNER**—First of all, Mr President, to follow through on your opening statement, I, of course, am not aware of correspondence between you and Senator Bob Brown apart from, I think, perhaps reading some press reports which may have in fact have been based on your letter, as you have indicated, to Senator Brown. But, just so we are clear, was the letter that you sent to Senator Brown provided in confidence?

**The PRESIDENT**—It was a personal letter and it was so marked—'personal'.

**Senator FAULKNER**—When you say a personal letter, it was on President of the Senate letterhead?

**The PRESIDENT**—Yes. Senator Bob Brown came to see me on a personal matter and I considered it. I sent him a personal letter back on my letterhead and then I read it in the paper.

**Senator FAULKNER**—But the letter was marked 'personal'; it had that word?

**The PRESIDENT**—Yes.

**Senator FAULKNER**—Do you often write personal letters on President of the Senate letterhead?

**The PRESIDENT**—I receive letters personally addressed to me by senators and I write back on a personal basis but I do not disclose the content of incoming or outgoing correspondence.

**Senator FAULKNER**—Anyway, it was clearly marked as 'personal'; that is the point that you make. And you indicated that that the decision was yours and yours alone—I heard that. This is in relation to not acceding to Senator Bob Brown's request, which I think I only understand in broad terms because it is only as reported here today and I do not want to go to that. You described the decision, to use your words, as 'mine and mine alone'. That is fair



enough, and you made it quite clear in your opening statement that you did not seek the advice of any member of the executive. You can confirm that?

**The PRESIDENT**—Absolutely.

**Senator FAULKNER**—I just want to ask you whether you sought any advice from the Department of the Senate.

**The PRESIDENT**—No. This matter arose once before, Senator, a few years ago, and other presidents have also had similar requests. Last time, as I recall, Vicki Bourne was the chair of the Friends of Tibet Association, and they held a function for the Dalai Lama in the Mural Hall, and I suggested to Senator Brown that something like that might be more appropriate. Senators who wish to do that may do so. But, as I said in my statement, on previous occasions other senators have taken similar views to that type of request.

**Senator FAULKNER**—Fair enough. I just want to get the principle that you espouse clear in my own mind. What I think your opening statement suggests is that, in broad terms, we would never have a situation—or would we ever have this situation?—where hospitality might be extended by the President of the Senate to a religious leader. I gather that has not happened. Is that correct?

**The PRESIDENT**—It has not. Someone said to me, ‘What would happen if the Pope came here?’ I said, ‘That is a different story—he is a head of state.’ But, if it were the Archbishop of Canterbury, that would not count.

**Senator FAULKNER**—I just want to be clear on this: has the President of the Senate ever extended hospitality to a nonparliamentarian or a non-head-of-state?

**The PRESIDENT**—Not that I am aware of.

**Senator FAULKNER**—So you are quite satisfied, in other words, that your decision fits very comfortably with the precedent that has been established over very many years?

**The PRESIDENT**—Yes.

**Senator FAULKNER**—Okay.

**Senator CHRIS EVANS**—Putting to one side successful sporting teams, of course.

**The PRESIDENT**—That is a different matter.

**Senator FAULKNER**—They are not heads of state, are they?

**The PRESIDENT**—No. But I do not think I have held one for them, either.

**Senator CHRIS EVANS**—We have had the Wallabies and the Opals, haven’t we?

**The PRESIDENT**—That is not the same.

**Senator FAULKNER**—Surely they are government hosted. What we are talking about here are events or functions that are hosted by the President of the Senate. I do not want you to misinterpret this; I am well aware of many other functions that are hosted by ministers and other parliamentarians and the like. But what you are identifying here in your opening statement are official functions hosted by the President of the Senate. That is clear, isn’t it?

**The PRESIDENT**—Yes. The only other times perhaps have been in my role as President of the Lions Club of the parliament. I have hosted some lunches of a couple of programs for Lions. But I see that very differently to hosting a function for a nonparliamentarian. It was in my role as President of the Lions Club that I had a morning tea, I think it was, for some members of the Lions Club when we launched an appeal for one of the charities that they support.

**Senator FAULKNER**—I understand that you may have a role in the Lions Club. But I am just trying to be absolutely clear here and understand that, in terms of your role as President of the Senate, the action that you took was consistent with longstanding practice. That is all I am exploring. You are assuring the committee that that is the case?

**The PRESIDENT**—Yes.

**Senator FAULKNER**—Okay. I appreciate that. Mr Evans, you can also assure the committee, can you, that that is the longstanding approach that previous presidents of the Senate have taken in relation to such hospitality?

**Mr Evans**—So far as I know, yes.

**Senator FAULKNER**—I have no further questions on the issue of the hosting of a function for the Dalai Lama.

**CHAIR**—Any further questions on this issue?

**Senator FORSHAW**—I do not want to go too far into the nature of your discussion with Senator Bob Brown—although apparently it has been commented on in the paper or reported. What was the specific request for? Was it specific? Was it for a reception or a dinner?

**The PRESIDENT**—Senator Brown came and saw me on a person-to-person basis and just asked me to consider whether I would host a parliamentary function. I did consider that and I got back to him.

**Senator FORSHAW**—I was trying to get clear in my mind what the level of hospitality would be.

**The PRESIDENT**—My understanding was that Senator Brown wanted me to consider hosting a function for the Dalai Lama.

**Senator FORSHAW**—To which all members would have been invited; is that it?

**The PRESIDENT**—I guess that is what he meant. I am sure he would have meant that.

**Senator FORSHAW**—Thank you.

**Senator FAULKNER**—I would like to ask about something that has arisen from the Speaker's response to recommendations of the House of Representatives Standing Committee on Procedure, which I understand is not a matter that you would necessarily be, nor would I expect you to be, intimately involved in or have knowledge of. This went to media coverage of House proceedings, and the Speaker's response went to guidelines and rules for photography, television feeds and the like. I do not necessarily expect you to have seen this particular response or even the report, but I wanted to ask whether there have been any proposals for any changes in relation to guidelines for television, photography, feeds and the like as far as the Senate was concerned.

**The PRESIDENT**—No. I am vaguely aware of what you are talking about but I have had no representations about changing the rules as far as photography in the chamber goes.

**Senator FAULKNER**—Are the clerks aware whether there is a substantial difference in such rules and guidelines between the Senate and the House of Representatives?

**Ms Griffiths**—Yes. In the Senate the rules for photography permit photographers to come into the chamber at any time during proceedings and take either a shot of a senator with the call or a general shot of the chamber. As far as I am aware, in the House of Representatives they are restricted to certain periods during the day, I think mainly to question time, and I think there is a limit on the number of photographers that can come in, but I believe they are going to extend the periods for when they can come into the House of Representatives.

**Senator FAULKNER**—Has there been any necessity for the Senate to make any changes as a result of the development in photography from film to digital?

**Ms Griffiths**—No, but I have noted some senators with their new telephone devices and I think someone may have taken a shot in the last period of sittings. The President is going to address that. I think the Deputy President has also raised some general concerns, so the President may be writing to senators about that. We are just monitoring that at the moment.

**Senator FAULKNER**—Can digital phones be on in the chamber? I know the answer to this question, but can you confirm that?

**Ms Griffiths**—Yes.

**Senator FAULKNER**—So there is no standing order that precludes such a course of action. There are a lot of things that are not precluded in the chamber, aren't there?

**Ms Griffiths**—Yes.

**Senator CHRIS EVANS**—I can assure you, Mr President, that Senator Faulkner would be incapable of taking a photo with a lot of those devices in the chamber! Do not worry about it.

**Senator FAULKNER**—Senator Evans is right about that—and he is so pleased, given the compromising positions I have found him in when I have had a mobile phone in my hand! I will ask about the issue that I have raised on a number of occasions in these estimates in relation to the changes to the Parliamentary Education Office and the education centre at Parliament House. I thought it might be useful if the Clerk or one of the other parliamentary officials gave us an update of usage of the centre and how the new system is working. A brief status report might assist the committee.

**The PRESIDENT**—The Clerk has provided me with an up-to-date brief on that. He might like to report on his findings.

**Mr Evans**—As I said before, we can only assess the effect of the new PACER program, as it is called, from the viewpoint of the Parliamentary Education Office. There has been an increase in the number of students taking advantage of the PEO programs. There appears to be a shift from the further away states to the nearer states. In other words, the increase is coming from the closer states of New South Wales, Victoria and Queensland rather than the more remote states. That could be the impact of the new PACER program not discriminating on the basis of distance. As you know, the old CVP program was essentially discriminating in

favour of distance. In other words, it was weighting the assistance given in favour of people from more remote areas. This change could be due to the new PACER program.

We reported last time that we had made a request that the PEO program be included in the PACER program as a matter of course, but that has not happened. The PACER guidelines still say that the PEO program is to be included wherever possible, so people taking advantage of the assistance under the PACER program do not necessarily take advantage of the PEO program. You have to remember that only a minority of students coming to the PEO programs were assisted under the old CVP program, and probably only a minority are assisted under the PACER program as well.

**Senator FAULKNER**—One could describe these words as weasel words: ‘wherever possible’. Was it the original intention, when these changes were grandly announced, that this would only occur wherever possible?

**Mr Evans**—The PACER program, as the acronym suggests, is called Parliamentary and Civics Education Rebate. With the word ‘parliamentary’ at the front, one would have an expectation that the parliamentary program would be an essential part of it. Yes, there was a hope, on our part anyway, that that would be the case, but we were not able to govern the intention or the construction of the program, which of course is the responsibility of the Department of Education, Science and Training.

**Senator FAULKNER**—So you can get the rebate for this program, PACER—Parliamentary and Civics Education Rebate; is that right?

**Mr Evans**—Yes.

**Senator FAULKNER**—You can obviously get the rebate without attending the Parliamentary Education Office, but can you get it without attending Parliament House?

**Mr Evans**—Yes, I believe so.

**Senator FAULKNER**—So it is almost fraudulent, is it not?

**Mr Evans**—I would not say fraudulent.

**Senator FAULKNER**—No, I said that. I actually said, ‘almost fraudulent’. I qualified the word ‘fraudulent’.

**Mr Evans**—As we said when we first started discussing this, we had an apprehension that without the PEO program being an essential part of it, this could turn into a tourism exercise and not an education exercise. I think that potential is still there.

**Senator FAULKNER**—That is the risk. It has now been identified for some time.

**Mr Evans**—Can I correct the answer I gave before; Mr Reid has just corrected me on that point. Parliament House is essentially included in the PACER program but not the PEO program.

**Senator FAULKNER**—Mr Evans, can either you or the President of the Senate indicate to me whether the Department of the Senate has taken these concerns up formally since our last estimates round?

**Mr Evans**—As we mentioned, the PEO wrote to the Department of Education, Science and Training saying that in our view the PEO program ought to be a necessary part of the PACER program, and that request has been repeated. It is only a request of course because the Department of Education, Science and Training has control of the PACER program.

**Senator FAULKNER**—But there has been some communication. I think we heard about it at previous estimates rounds. Have concerns been expressed more recently? In other words, has this matter been followed up since our last round of Senate estimates?

**Mr Evans**—Only in the sense that the PEO has indicated that it still remains of that view.

**Senator FAULKNER**—Do we know what proportion are receiving the PACER? Do we have an absolute understanding of the numbers involved in the PACER program so that we are able to compare those with the numbers who access the PEO?

**Mr Evans**—No. We do not have that figure because the program is under the control of DEST and only that department has that figure. I do not believe we have been given any figure on that.

**The PRESIDENT**—We do have numbers as far as the PEO is concerned. There has been a seven per cent increase.

**Senator FAULKNER**—Yes, I appreciate that. Are you concerned that it appears that this increase is coming from schools in states that are closer to the ACT?

**The PRESIDENT**—Yes. I think we were fearful of that at the time and it seems that that is what has happened. My brief tells me that the PACER is now 15 per cent of the Parliamentary Education Office output.

**Mr Evans**—About that—the maximum.

**The PRESIDENT**—Under the CVP it was only six per cent. So obviously there is a bit more work being done but it is obviously for those students who live closer in rather than those who live further away.

**Senator FAULKNER**—So you are concerned about that?

**The PRESIDENT**—Yes, I expressed that concern in letters before and I still am.

**Senator FAULKNER**—Has anything been done about that concern? You have identified the concern and told us about it—and I appreciate that—but what have you actually done about it?

**The PRESIDENT**—It has been taken out of our hands to a certain degree because it is now under DEST.

**Senator FAULKNER**—That is a nothing, is it; you are concerned but you have done nothing about it?

**The PRESIDENT**—Apart from writing before about it. There is nothing we can do about it.

**Senator FAULKNER**—That is a nothing—you have these concerns, you have identified the concerns and nothing has happened.

**The PRESIDENT**—Except that there has been an increase in the number of students who have been using the program.

**Senator FAULKNER**—Yes, but you are concerned about where these students are coming from. I share that concern. They are coming from the closer states, and it may not be working, in fact—it does not appear to me to be working—as was intended. In this circumstance, do we just sit on our hands and do nothing about it or do we keep discussing and negotiating this matter with the relevant department and ministers in government?

**The PRESIDENT**—I think we should wait a bit longer because there have been decreases in some of the states but it has been the same in others. Overall, as you know, there has been an increase in the number of students. But I think we should monitor the situation just to see how bad the fall-off is from the states that are further away.

**Senator FAULKNER**—It is easy enough to monitor and statistics are provided. I might ask Mr Evans to take on notice an updated set of statistics on PEO use and where those students are coming from, but that does not alter the broader concern in relation to the PACER program. It does appear as though little is being done about it.

Could I suggest that the Department of the Senate, Mr President, uses its best officers to establish from DEST the overall usage of the PACER program so that the Department of the Senate itself can start making some comparisons about the proportion of those who are accessing the rebate and are also involved in the PEO program? That might be a sensible way to go. Would you agree to do that?

**The PRESIDENT**—I did request a report after the first 12 months and that is not up yet. Until the 12 months is up and I have that report, I cannot really do anything until I see what the situation is.

**Senator FAULKNER**—When is the 12 months up?

**The PRESIDENT**—It will be up in December, this year.

**Senator FAULKNER**—Could I suggest in the meantime that figures are obtained from DEST about the numbers accessing the PACER program and where they are coming from. I suppose I could do that by asking a question on notice, but it seems to me that it is something that might be useful for the Department of the Senate to take initiative on, given the concerns that you and the Clerk have expressed, which I think are shared around this table broadly by senators.

**Mr Evans**—I would much prefer that Senator Faulkner put a question directly to DEST because it would carry more force than a mere request from us—

**Senator FAULKNER**—Are you really suggesting, Mr Evans, that I carry more force than you?

**Mr Evans**—Absolutely.

**Senator FAULKNER**—I find that hard to believe.

**Mr Evans**—I am quite sure that is the case. A question on notice through the estimates process from Senator Faulkner would carry more weight. We can, as I say, only make that request. We are happy to make that request. We can make that request with Senator Faulkner's

great authority and we will do so, but it would not do any harm for Senator Faulkner to reinforce his interest in it by putting a question on notice.

**Senator FAULKNER**—I will consider that sage advice, Mr Evans.

**Mr Evans**—We have very detailed figures, which I have just been handed, about the usage of the PEO program but of course they are our figures which only tell us about the PEO program. They do not tell us about the use of the PACER program and where the people who are accessing the PACER program are going.

**Senator FAULKNER**—Perhaps we could ask, Mr President, if that document could be tabled. There has always been, as far as I am concerned, absolute transparency from the Department of the Senate and from the President of the Senate about the use of the PE Office but this will update those statistics. The issue here of course is the interface between this and the actual usage of the PACER program or use of the rebate concerned.

**The PRESIDENT**—The chart has been tabled and copies will be presented to the members of the committee.

**Senator FAULKNER**—I wanted to raise another matter which goes to the issue of appropriations for the ordinary annual services of government. I wanted, firstly, to ask the President or the Clerk if it could be confirmed that section 53 of the Constitution provides that appropriations for the ordinary annual services of government should be contained in a separate bill for appropriations. That is my understanding, but perhaps that could be confirmed.

**Mr Evans**—Yes, Senator, that is the case.

**Senator FAULKNER**—Perhaps you might briefly explain to the committee, Clerk, if you could, why that is the case.

**Mr Evans**—It is an attempt to separate the normal ongoing activities of government from new initiatives of government and things that are not the ordinary ongoing activities of the government. This has two impacts. One is that it distinguishes between the things the Senate can amend and the things the Senate can only request amendments to, but it also has the advantage of, as I say, distinguishing for parliamentary purposes between the ongoing activities of government and other activities.

**Senator FAULKNER**—Yes. Thank you for that. Now, this distinction has become somewhat blurred over recent times, I think it is fair to say, Clerk?

**Mr Evans**—A problem has arisen in relation to the outcomes method of budgeting. When this was initiated back in 1999, the minister wrote to the Appropriations and Staffing Committee, which is the body that looks after this area on behalf of the Senate, suggesting that the outcomes method of budgeting would require changes to the understanding of what was allowed to be included in the ordinary annual services. I think the problem was that nobody at that stage really knew what the outcomes method of budgeting entailed. It had not really clearly been identified, and a different interpretation was placed on what the committee agreed to by the Department of Finance and Administration. As a result, the view seems to be taken within government that anything coming under an existing outcome can be put in the ordinary annual services bill. This means that things which are very obviously new policies

are going into the ordinary annual services bill, which is contrary to the previous understanding established between the Senate and the government about the content of that bill. So there is this outstanding problem. The Appropriations and Staffing Committee has taken up this matter with the Minister for Finance and Administration and is awaiting a response to that correspondence.

**Senator FAULKNER**—It is also true, I think, to say, isn't it, that this particular committee that is meeting now, the Senate Standing Committee on Finance and Administration, has also referred to this matter in one of its published reports, in March of this year—a recent report?

**Mr Evans**—Yes, this committee said, in effect, that it would rely on the Appropriations and Staffing Committee to carry out its negotiations with the minister.

**Senator FAULKNER**—Yes. Now, you mentioned that the Appropriations and Staffing Committee wrote to the minister for finance about this matter. It did more than that, didn't it? It actually provided a paper on this issue, I think I can confirm as a member of the committee.

**Mr Evans**—Yes. The committee, through the President, wrote in February 2006 setting out the problem and setting out in some detail how the problem had arisen in an accompanying paper.

**Senator FAULKNER**—Yes. That was February 2006, so we are now talking about 15 months or so ago. There have been a few reminders going off to the minister for finance about this issue, haven't there?

**Mr Evans**—Yes, there have.

**Senator FAULKNER**—Do we know how many?

**Mr Evans**—No. I would have to make a count and get back to you on that. But certainly it has been raised in writing and orally on a number of occasions.

**Senator FAULKNER**—And, since February 2006, the minister for finance has studiously ignored the Senate Appropriations and Staffing Committee; that is true, isn't it?

**Mr Evans**—The minister did write back in December 2006, saying that he wanted to consult with the Prime Minister and the Treasurer about the matter and then he would get back to the committee.

**Senator FAULKNER**—Has he got back to the committee?

**Mr Evans**—Not yet.

**Senator FAULKNER**—So it is 15 months with no response, although it is fair to say that 10 months after the original communication the minister for finance wrote and said he would like to talk to the Prime Minister and the Treasurer first. That is the picture?

**Mr Evans**—Yes, that is it, basically.

**Senator FAULKNER**—Yes.

**Mr Evans**—In the meantime, the President has taken up the recommendation of the finance and public administration committee, this committee, that he take advice on things that do not look right in the ordinary annual services bill and draw them to the attention of the minister as well, and that has been done.



**Senator FAULKNER**—Mr President, can you indicate to the committee why you have identified those expenditures as an issue of concern?

**The PRESIDENT**—I do not have the letter in front of me so I cannot specifically identify them, but the Clerk may be able to.

**Mr Evans**—It is by no means a comprehensive list. They are items which appear not to be ongoing activities of government and which appear to be funded under the ordinary annual services bill. I say ‘appear to be’ in both cases because the portfolio budget statements of departments do not always—in fact, usually do not—make it clear which bill the particular matter is being charged to or whether it is a new policy.

**Senator FAULKNER**—Is there any indication about the view of the ANAO on this? There have been some issues raised, I think by ANAO, at least in relation to the tsunami relief, haven’t there?

**Mr Evans**—Yes. The Audit Office has raised areas where expenditures which are clearly not ordinary annual services, clearly not ongoing activities of government and clearly new policies have been included in the ordinary annual services bill.

**Senator FAULKNER**—Perhaps one of the reasons the government has not responded is that the government’s \$55 million advertising campaign for Work Choices, which had not been introduced at the time, was paid for out of the ordinary annual services money. You may or may not know that, but I believe it is true, Mr Evans. Can you confirm that that is true?

**Mr Evans**—That strongly appears to be the case from the budget documentation, yes.

**Senator FAULKNER**—I wonder if this is one of the reasons that we have had no response from the Minister for Finance and Administration on this matter of concern to the Senate.

**Mr Evans**—I do not know whether that is the case or not.

**Senator FAULKNER**—Perhaps the President of the Senate could help us.

**The PRESIDENT**—I have not discussed the matter with them. I think it is speculation, Senator.

**Senator FAULKNER**—It is not speculation that the \$55 million advertising campaign for Work Choices, which had not been introduced at the time of the campaign, was paid for out of the ordinary annual services money. That is not speculation, as we have heard from the Clerk of the Senate. This matter was raised—and I am not questioning the fact that it had not been appropriately raised—back in February 2006 and nothing has happened. The government seems to be so contemptuous of you, the President of the Senate, on these sorts of issues, not to mention the Senate and its committees more generally. There is no response. This is 15 months later. Basically on so many issues we have identified at these estimates committees—time and time again—the government just treats you like a mushroom.

**CHAIR**—Do you have a question Senator Faulkner?

**Senator FAULKNER**—I ask the President to explain to us why he is ignored so often on all of these issues and why he is treated so contemptuously.

**CHAIR**—Senator Faulkner, do you have a question?

**Senator FAULKNER**—Yes. Why is the President of the Senate treated so contemptuously? That is the question. Can we get an answer to it?

**CHAIR**—Do you have a real question, Senator Faulkner?

**Senator FAULKNER**—I want an answer to it, now that you have insisted I ask the question. He does not know.

**The PRESIDENT**—The last time I wrote to the minister was on 17 May this year pointing out to him these items in accordance with the recommendation of this committee. I asked for his explanation of the treatment of these items in the appropriation bills, and there is quite a number of them. If you would like a copy of the letter I am sure we could make that available so that you can look at it.

**Senator FAULKNER**—I appreciate that, but the point is that there has been no response. No-one has suggested you have not written to him. The problem is that 15 months after it was raised by the Senate there has been no response. That is the issue.

**The PRESIDENT**—Perhaps you should ask him, because I also mentioned in my letter that we were still waiting for his response to that original letter of 17 February.

**Senator FAULKNER**—As I say, it is very contemptuous. Perhaps the reason on this occasion is that the \$55 million advertising campaign on Work Choices, which had not been introduced at the time of the campaign, was paid for out of ordinary annual services money. Maybe that is one of the explanations. Maybe we will never get an answer.

**Senator MURRAY**—Has the Appropriations and Staffing Committee reported to the Senate on this matter, Mr President?

**The PRESIDENT**—Yes, it has.

**Senator MURRAY**—It seems to me from your reaction and that of the Clerk that the process here of advising the government that the President and the Senate have concerns about the way in which appropriation bills are structured is working well—the bills come out and there is quite an immediate reaction. Is there any sense on the other side that the government is taking that seriously and is responding rapidly? We will have appropriation bills in the next two weeks of sitting. Are we assured that the government is going to respond in time?

**The PRESIDENT**—We do not know that at this stage. As I said, the last correspondence I had was on 17th and I also reminded them again of that original letter of 17 February 2006.

**Mr Evans**—That letter the President refers to relates to the appropriation bills which are currently before the parliament.

**Senator MURRAY**—Yes. I do not want to suggest a hypothetical, but if the government does not respond, you, Mr President, and the Senate are left in a difficult position as to how to deal with those bills. Because the issue would have been formally raised on a non-partisan, non-political basis, there are real process issues.

**The PRESIDENT**—At the end of the day it is a matter for the Senate, isn't it—if they do not respond.

**Senator MURRAY**—If there is not a reply within a reasonable period, do you intend to remind the government that the Senate would expect a reply?

**The PRESIDENT**—I have already done that, but I will do it again.

**Senator FAULKNER**—On another matter: I want to know if the Department of the Senate had any role at all in relation to the tender process to replace what are described as ‘aged’ printers in senators’ offices. Is there any role for the Department of the Senate in this?

**Ms Griffiths**—We are part of a tender process at the moment for the replacement of senators’ printers. We have a representative from our department assisting DPS, and the House of Representatives are involved in that as well.

**Senator FAULKNER**—Is it true these printers are now over a year out of warranty?

**Ms Griffiths**—Yes, it is. We are replacing those that break down and cannot be fixed with new ones until the tender process is complete.

**Senator FAULKNER**—What stage is this tender process up to?

**Ms Griffiths**—That question might be better addressed to DPS. I am unsure. I can get that information for you.

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

**Ms Griffiths**—We were aiming for the end of this financial year, but I think there have been some delays.

**Senator FAULKNER**—The Department of the Senate—let us separate you—has an involvement in this tender process. What is that? What precisely is the Senate department’s involvement in the tender process?

**Ms Griffiths**—We are on the evaluation team—that is, assessing.

**Senator FAULKNER**—You are on the evaluation team. But the team leader is in DPS, are they?

**Ms Griffiths**—Yes.

**Senator FAULKNER**—I see. Let me ask from the perspective of the Department of the Senate: are you satisfied with the speed at which the tender process is progressing?

**Ms Griffiths**—No.

**Senator FAULKNER**—The Department of the Senate is not satisfied.

**Ms Griffiths**—No. We have had this on the agenda for over 12 months.

**Senator FAULKNER**—Yes, I am aware it has been some time.

**Ms Griffiths**—In the meantime, we have been looking at other devices—multifunction devices—as well. Supporting DPS, they have had to await advice from DSD about the use of the functionality of certain bits of a multifunction device.

**Senator FAULKNER**—So has the tender process actually ground to a halt or is it still ongoing?

**Ms Griffiths**—No, it is ongoing.

**Senator FAULKNER**—Just very slowly.

**Ms Griffiths**—Yes.

**Senator FAULKNER**—Has the Department of the Senate in any formal or informal way expressed its concerns to DPS about how hopeless this process is?

**Ms Griffiths**—Formally, I suppose, at SMCG meetings but more informally with the people on the ground. They are trying.

**Senator FAULKNER**—Right. And the Department of the House of Representatives is also involved in the tender evaluation committee, isn't it?

**Ms Griffiths**—Yes.

**Senator FAULKNER**—It is just Department of the Senate, Department of the House of Representatives and DPS?

**Ms Griffiths**—I am not sure whether there is a representative from the department of finance as well from an electorate office perspective.

**Senator FAULKNER**—So it was hoped that the tender process would be complete by the end of this financial year. You seem to suggest that that is not going to happen. Do we have any idea—what is the Senate department's view about when this is likely to be completed? What is your best advice to the committee?

**Ms Griffiths**—I am hoping that it will be completed by the end of this year; that we will have new printers in senators' offices by December 2007.

**Senator FAULKNER**—This is really taking a long time, isn't it?

**Ms Griffiths**—Yes. Hopefully, your questioning may hasten it.

**Senator FAULKNER**—We already know the Clerk of the Senate sees me as far more powerful than I really am. I suspect, if I am involved, DPS will probably press the go-slow button. DPS is the lead agency, so I will ask them about this issue. Finally—and this may be appropriate to you too, Ms Griffiths, but no doubt you will direct me elsewhere if it is not—there has been some refurbishment in what I describe as the chamber anterooms but close to the lobby. You know the area that I am referring to.

**Ms Griffiths**—Yes.

**Senator FAULKNER**—What is the actual name of that area?

**Ms Griffiths**—That would be in the opposition area. Its proper name is the chamber refreshment room.

**Senator FAULKNER**—Is that its proper name? Now we know. Is that upper case 'R' and upper case 'R'?

**Ms Griffiths**—Chamber lobby kitchen to make it simple.

**Senator FAULKNER**—Okay. There has been some refurbishment in the opposition lobby. Has there or has there not been any refurbishment in the government lobby?

**Ms Griffiths**—Yes, there has been in the government lobby as well.

**Senator FAULKNER**—It is identical, I assume.

**Ms Griffiths**—Not quite. We requested a new commercial glass washer for the chamber, for the staff there. The government lobby has not got a dishwasher in it.

**Senator FAULKNER**—That is something that is used by the chamber staff.

**Ms Griffiths**—Yes.

**Senator FAULKNER**—I would like to know what the involvement of the Department of the Senate is in this. I appreciate, I think, that it is primarily a DPS responsibility, but what is the role of the Department of the Senate in this?

**Ms Griffiths**—Well, as I said, our initial request was that provision be made in the existing joinery for a new glass washer, but DPS said it was part of the refurbishment program for those lobby kitchens anyway because of water damage after nearly 20 years use. So DPS took the opportunity to refurbish the lobby kitchens on not only the Senate side but also the House of Reps side. The involvement of the Senate was that we purchased the glass washer, a microwave cupboard that was put there for the use of the chamber staff during sitting weeks and the fridge. The rest is a cost to DPS.

**Senator FAULKNER**—Right. So it is just the equipment—the washer, the microwave and the fridge?

**Ms Griffiths**—Yes.

**Senator FAULKNER**—I see. Do you know what the cost of that was?

**Ms Griffiths**—Yes, \$6,506.

**Senator FAULKNER**—Righto. But the refurbishment was ballsed up, wasn't it?

**Ms Griffiths**—There was a bit of miscommunication about the size of the fridge and—

**CHAIR**—You understood the question!

**Senator FAULKNER**—Well, you understood it, obviously, Chair.

**Ms Griffiths**—That made it a little bit more expensive, so they had to make some changes to it. DPS would have the total cost of that.

**Senator FAULKNER**—So how was it mucked up—the fridge didn't fit in?

**Ms Griffiths**—Yes.

**Senator FAULKNER**—So they built a nice new structure but the fridge did not fit into it?

**Ms Griffiths**—Yes.

**Senator FAULKNER**—Any other problems that we are aware of?

**Ms Griffiths**—I think the joinery was not quite right to start with; the tap was incorrect. But I think that has now been fixed.

**Senator FAULKNER**—They had to change the taps too because—

**Ms Griffiths**—Yes.

**Senator FAULKNER**—they did not work properly, or you could not fit utensils under the taps and things like that.

**Ms Griffiths**—It was—

**Senator FAULKNER**—It sounds like a DPS special, really, doesn't it! So has it been fixed now?

**Ms Griffiths**—Yes.

**Senator FAULKNER**—All right. Well, we will see what the cost to the Australian taxpayer was of fixing those problems. Okay; that is all I have got.

**Senator FORSHAW**—Can I just go back to the printers—I am sorry, I was out of the room before. You said that the printers that are breaking down need to be replaced, that they are being replaced—by Senate IT, is it?

**Ms Griffiths**—Yes. I have a stock of them to cover breakdowns until the new ones are in.

**Senator FORSHAW**—So they are already in stock?

**Ms Griffiths**—Yes.

**Senator FORSHAW**—Thank you. That is it from me for the Department of the Senate.

**CHAIR**—Any other questions? Senator Murray.

**Senator MURRAY**—Black Rod, the issue of energy audits and working out energy and water efficiencies and so on is a DPS matter, isn't it?

**Ms Griffiths**—Yes.

**Senator MURRAY**—And cleaning services—do they fall under you or under them?

**Ms Griffiths**—DPS.

**Senator MURRAY**—DPS as well. All right. Thank you.

**CHAIR**—Any other questions for the Department of the Senate? No. Thank you, Clerk, Black Rod. We will call forward the officers of the Department of Parliamentary Services.

[10.00 am]

#### **Department of Parliamentary Services**

**CHAIR**—Welcome. We will start with general questions for the Department of Parliamentary Services. Ms Penfold, does the Parliament House shop fall within your jurisdiction?

**Ms Penfold**—Yes, it does.

**CHAIR**—I was just looking at the budget statement for the Parliament House shop. It shows an estimated decline in receipts for 2007-08—just a small decline. Has the Department of Parliamentary Services looked at any stage at actually outsourcing the management of the shop? I know that DPS has outsourced the feeding and watering of building inhabitants and a range of other things. Has any consideration been given to outsourcing the management of that shop?

**Ms Penfold**—Not in my time and not, to my knowledge, beforehand. But there may have been consideration given to that in the first 15 or 16 years of the building's operation.

**CHAIR**—But it is not something that you have examined during your time as secretary of DPS?

**Ms Penfold**—Not at this stage, no.

**CHAIR**—I just wonder whether it is something that the department should look at given that there is a slight decrease in receipts and given that the Parliament House shop in effect has a monopoly here on the sorts of services and products which it provides. Would you have an indication as to the number of people who come through Parliament House each year—the foot traffic, I guess, through the foyer?

**Ms Penfold**—We do have figures. I will have to find out whether we have them right here.

**Ms Griffith**—The number of visitors from 1 January 2007 to date that have come through Parliament House is 750,762. The number of school tours is 2,608.

**CHAIR**—Thank you. Could it be taken on notice, taking into account that 752,000-odd people come through each year, what the figure for sales per visitor would work out to? Can you also take on notice if DPS will look at the merits of outsourcing of the Parliament House shop? It just seems odd that, given this is an outfit with a monopoly and the visitor numbers each year are strong, it would actually be forecasting a slight decline.

**Ms Penfold**—I can give you figures for the spend per customer last year. It was about \$17.39. That was in the last financial year. There are some complications in there—we can always do those sorts of figures—in that the visitor numbers that we have actually reflect the number of people coming in through the front entrance. As we know, a lot of people come through there who are actually building occupants or government officers coming here for official purposes. So the raw numbers do not really reflect, I suppose, our likely customer base. But we can get those more detailed figures for you, certainly.

**CHAIR**—Does the Parliament House shop make a profit overall? It covers its costs and then—

**Ms Penfold**—And makes a bit of revenue, yes.

**CHAIR**—What happens to that revenue? Does that just go into the DPS pool?

**Ms Penfold**—That goes into our operating budget, yes.

**CHAIR**—Thank you.

**Senator MURRAY**—Is there any sense that a reduced number of visitors may be a consequence of the increased security we have been obliged to put into the building? I gathered the implication from your remarks was that if you try and divide normal entrants—in other words, building occupants and normal visitors—from shall we call them tourist visitors, you might find that tourist visitor numbers have decreased, and that would affect the shop sales.

**Ms Penfold**—I think tourist numbers have definitely decreased, and they have been decreasing since probably about 1990. I could get the figures for the full 19 years.

**Senator MURRAY**—So it is not a security consequence?

**Ms Penfold**—I would not like to assert that either way. It is possible that there was some impact from the security changes. It is possible, for instance, that there was a temporary impact while we were doing such a lot of building work on the security changes. Whatever it was, I think it was part of a larger trend which I suspect reflects the fact that a lot of visitors,

especially Australians, came here after the building was finished to have a look; and, once they had been here and had a look, they did not need to come back. Visitor numbers started back in the early days at about a million a year. In heading for 20 million visitors in 20 years, we are running out of a local customer base. But we will get those figures for you and see whether there are any better trends. Mr Kenny would like to make some comments about the running of the Parliament Shop and some work we have been doing recently.

**Mr Kenny**—Within the department we are conducting a number of what we call continuous improvement reviews, which have been discussed at previous meetings of this committee. The review looking at the operations of the facilities section is currently underway. That will look at, amongst other things, the operations of the Parliament House shop and possibly explore the sorts of questions that you have just raised. That review is currently scheduled for completion in July of this year.

**CHAIR**—Thank you very much for that. Are there any other questions on the shop or anything related?

**Senator FAULKNER**—I might start, if I could, by following through on a couple of issues that I raised in the estimates for the Department of the Senate. Ms Penfold, I do not know whether you heard those, but the first one related to the issue of the replacement of printers in senators' offices and the fact that the tender process appears to have blown out in terms of time. Can you confirm that is the case?

**Ms Penfold**—I will ask Mr Kenny to respond.

**Mr Kenny**—The process has taken longer than we would have preferred. A new contract is currently scheduled to be in place in August or September of this year. The reasons for the delays have related to a need to get the quality of the tender documentation and the statement of requirement to a sufficient standard in terms of describing the multiple requirements that we want of printers within the building and to have it to a standard that I was happy to have issued to the various printer suppliers for them to respond to.

**Senator FAULKNER**—How many printers are we talking about?

**Mr Kenny**—I am told it is about 600.

**Senator FAULKNER**—Is the September date for the finalisation of the tender process?

**Mr Kenny**—Of the contract, yes. It is to have the tender issued, responded to, evaluated, selected and gone to contract.

**Senator FAULKNER**—After the finalisation of the contract what do you anticipate will be the timing of the supply of the actual printers? Are you able to make a reasonable assessment of that timing?

**Mr Kenny**—I do not know what the current lead times are but I would expect that they would be very short. But most of the equipment that we would be wanting to acquire would be available, if not out of a warehouse, very shortly after that.

**Senator FAULKNER**—So the new printers should be available at about the time of the next federal election?

**Mr Kenny**—About August or September.



**Senator FAULKNER**—That will be good. They would have been used beforehand when parliament was sitting, but they will be available when the parliament is in recess.

**Mr Kenny**—I would hope that they would be available before the football season is over.

**Senator FAULKNER**—Is that in Australia or in Europe?

**Mr Kenny**—In Australia.

**Senator FAULKNER**—It is true, I gather, that the Department of the Senate has expressed its concerns about the delay in this process, as they certainly told us that a little earlier.

**Mr Kenny**—Yes.

**Senator FAULKNER**—What about the Department of the House of Representatives?

**Mr Kenny**—I would imagine that they have as well. The Usher of the Black Rod referred to a committee where they have voiced their concerns, and both departments would have been present there.

**Senator FAULKNER**—It does not sound like it has been a triumph from what we have heard about it. Speaking of triumphs, tell me about the chamber lobbies! We have just heard evidence from the Department of the Senate that they were responsible for buying certain equipment for the lobby refurbishment. That equipment was a fridge, microwave oven and glasswasher. We know that none of this equipment fitted into the remodelled furniture. Is that right?

**Mr Kenny**—Following what they call the practical completion, there were concerns about a number of aspects of the work that had been delivered. We then undertook rectification work, including the provision of a new refrigerator provided by the Department of the Senate. That work cost \$640 and was funded from the original project budget, which had been underspent.

**Senator FAULKNER**—At what you have described as ‘practical completion’, this new equipment valued at \$6,506 did not fit into the new cupboards that had been made. Is that right? I am trying to put this in layman’s terminology. That is what we have been told.

**Mr Kenny**—Yes. There were a number of design issues that were not identified at the design stage.

**Senator FAULKNER**—Design issues?

**Mr Kenny**—They were mistakes.

**Senator FAULKNER**—Mistakes—right. What were these mistakes?

**Mr Kenny**—I will answer that question in respect of the concerns that were raised. First of all, the non-slip mat had not been put in place. The location of the tap was an OH&S issue; staff could not readily distinguish between hot and cold, and it was also thought to be inappropriate and not friendly to a right-handed person. I am not sure what that means. The type of lever handle was deemed to be confusing, and there was an issue with the location of the refrigerator, which I think is the one that was discussed earlier about not fitting into the formwork.

**Senator FAULKNER**—It did not fit into the formwork.

**Mr Kenny**—Yes.

**Senator FAULKNER**—So what happened as a result of these concerns; it was back to the drawing board, was it? By the way, was this work done in-house or did you contract this out?

**Mr Kenny**—It would have been contracted out through a company called Manteena.

**Senator FAULKNER**—Yes. At the practical completion of this work, had that company actually completed the job as required? In other words, were the dimensions et cetera given to the company wrong in the first place? I mean, what went wrong here and where did it go wrong?

**Ms Hanley**—What happened was that there was some miscommunication. There were some changes to the design which meant that, when the original tap work was put in, it did not work as intended. In relation to the fridge, I think it is fair to say that the fridge was probably forgotten about and a temporary fridge was installed, just plugged in adjacent to the formwork. Subsequently a fridge which fitted into the space was purchased.

**Senator FAULKNER**—So at the conclusion of this embarrassing episode, it became clear what happened. We had a fridge just lying on the floor, did we?

**Ms Hanley**—No, the fridge was plugged in adjacent to where the cupboards were.

**Senator FAULKNER**—Yes, I saw it; that is why I am asking the questions. I thought, ‘What the hell’s the fridge doing there?’

**Ms Hanley**—That was a temporary measure.

**Senator FAULKNER**—A temporary measure?

**Ms Hanley**—Yes.

**Senator FAULKNER**—So the people who had been contracted to do this work came back again and fixed it all up, did they?

**Ms Hanley**—They did. As soon as the issues were brought to our attention, we worked with the Senate staff to get details of what they thought was wrong and we got it fixed up within about a week or so.

**Senator FAULKNER**—What additional costs were accrued as a result of this embarrassing situation?

**Ms Hanley**—The additional costs were in the order of \$600.

**Senator FAULKNER**—The order of \$600?

**Ms Hanley**—I can get you the precise figure.

**Mr Kenny**—\$640, not including the cost of the new fridge.

**Senator FAULKNER**—No, I know what the cost of the fridge was, or that equipment. It was over \$6,000. But that was paid for by the Department of the Senate, not by you.

**Ms Hanley**—That is right.

**Senator FAULKNER**—Not by DPS. That is right, isn’t it?

**Mr Kenny**—Yes.

**Ms Hanley**—Yes.

**Senator FAULKNER**—So there is an additional \$640 because of the mistakes. What was the total cost of the work?

**Ms Hanley**—The total cost to date is \$45,623.

**Senator FAULKNER**—And what do we get for our \$45,623?

**Ms Hanley**—That is the new cabinetry, the new plumbing and the dishwashers, and the work in the kitchenette alcoves on both sides.

**Senator FAULKNER**—And why did this all need to be replaced?

**Ms Hanley**—It was damaged. It was at the end of its 20-year life; it had been used for 20 years. There was also an issue in that the original dishwasher was found not to be functional—it was not big enough.

**Senator FAULKNER**—Righto. How are you going to ensure that this does not happen again?

**Ms Hanley**—I think the issue there is closer communication with the users of the space.

**Senator FAULKNER**—So it is fair to say some lessons have been learned through this debacle?

**Ms Hanley**—Yes.

**Senator FAULKNER**—Well, that is something, I suppose. I have no more on the matter of the chamber refurbishment. Ms Penfold, can I ask you—or whomever the appropriate official is, please—about the checks on journalists in Parliament House. They are now undergoing police records checks, or about to undergo them?

**Ms Penfold**—Not to my knowledge. That is a proposal which is under consideration. They are currently being invited to provide comments on the proposal, and they have until 30 June to do so.

**Senator FAULKNER**—So they are about to undergo this. Who proposed it?

**Ms Penfold**—The proposal emerged from the Security Management Board. It was approved by the Presiding Officers in principle for consultation.

**Senator FAULKNER**—Where is the process up to as we speak? Has it gone to the Press Gallery Committee?

**Ms Penfold**—A letter has gone to the Press Gallery Committee, to all the press gallery licensees and to all members of the press gallery whom we have on the email lists that we routinely use to contact them.

**Senator FAULKNER**—What does the proposal entail for individual members of the federal parliamentary press gallery?

**Ms Penfold**—For individual members it would mean that, as for a large proportion of the rest of the people in this building who have photographic passes, they would be required to undergo a police records check before that pass was issued.

**Senator FAULKNER**—Is the proposal no different from the process for all others who have photographic passes?

**Ms Penfold**—It is no different. The only people for whom we are not proposing police records checks are members and senators, members' and senators' partners and nominees, and members of the diplomatic corps—and I think we currently issue two passes per mission. One way or another, it is proposed that everyone else would undergo a police records check. But some of those will already have the police records check as part of their employment. For instance, we issue quite a lot of photographic passes to members of the AFP and we would not be putting them through our own records check.

**Senator FAULKNER**—Can you say that again?

**Ms Penfold**—A number of the people who get photographic passes belong to other Commonwealth organisations that already do police records checks on them—for instance, the AFP, heads of Commonwealth agencies, ministerial staff and so on. Where police records checks are done by the Commonwealth employer, we would not wish to duplicate that. So the extension of police records checks basically applies to the press gallery, lobbyists and staff of senators and members who are not ministers.

**Senator FAULKNER**—How many people have been rejected for a photographic pass as a result of a police records check?

**Ms Penfold**—I do not have those figures. I can get them for you if you would like to give me a period.

**Senator FAULKNER**—I would like them.

**Ms Penfold**—I do not mean that I need time to get them. I mean over what time period do you want them—for the last 12 months, for the last five years?

**Senator FAULKNER**—Let us have a look at them for the last five years. That would be helpful. Is it a common occurrence?

**Ms Penfold**—Not to my knowledge.

**Senator FAULKNER**—Who makes the decision? Let us put the press gallery aside. That is an attractive thing to do!

**Senator MURRAY**—You are not allowed to engage in wishful thinking!

**Senator FAULKNER**—We will put them aside for a moment, although we will actually come back to the press gallery. Under the current procedures, there are about 7,000 photographic pass holders. Is that still correct?

**Ms Penfold**—That is roughly right.

**Senator FAULKNER**—And you could give me a precise figure, but let us just talk in the broad. There are approximately 7,000 photographic pass holders. About how many of those passes would have been issued after a police check?

**Ms Penfold**—After an immediate police check or after a police check that would have been done in the course of Commonwealth employment?

**Senator FAULKNER**—After any police check.

**Ms Penfold**—For DPS, the passes are issued after a police check. At the moment we are talking about, say, 750. For the chamber departments I believe most of those in the past would have been issued after a police check, but I cannot guarantee that all of their photographic pass holders have had police checks in the past. For the Department of Finance and Administration, which looks at police checks for ministerial staff, I think we are talking about around 400 ministerial staff. For contractors it is several hundred—300 or 400 maybe. For Commonwealth officers, again, it is several hundred. I would expect, although I cannot speak for any particular agency, that these days most of those people would have had a police check. A lot of them would have had a security clearance.

**Senator FAULKNER**—After the police check for all of these pass holders, who do the police report to?

**Ms Penfold**—If the check is clear then there is no further action on that—it goes onto the file and that is the end of that matter. If there is an offence disclosed on that, that goes to the agency security adviser. The agency security adviser generally—

**Senator FAULKNER**—Whatever the agency is?

**Ms Penfold**—I am sorry—in DPS that is where it goes. I cannot in fact speak for any of the other agencies. That would certainly be a routine approach under the *Protective Security Manual*, but I cannot give you any information about what other agencies do.

**Senator FAULKNER**—Who sets the regulations that this needs to happen in a range of areas? It is DPS that is proposing it for the federal parliamentary press gallery. Is DPS proposing it—

**Ms Penfold**—It is the Security Management Board that is proposing it for the parliamentary press gallery, lobbyists and senators' and members' staff.

**Senator FAULKNER**—Yes, but you are running the Security Management Board.

**Ms Penfold**—We certainly have the direct responsibility for building security and the pass system, yes.

**Senator FAULKNER**—I think it is fair to say that you are running it, from what I have heard over the years. It comes down to the role of the Security Management Board or DPS in relation to photographic pass holders outside of those who are not employed directly by DPS. They are not staff members of DPS.

**Ms Penfold**—Is that a question?

**Senator FAULKNER**—Yes. Who is deciding the policy in relation to security checks for those people?

**Ms Penfold**—The policy has come from the Security Management Board. If it is approved, it will be the Presiding Officers who approve it. They will approve it under their powers under the Parliamentary Precincts Act.

**Senator FAULKNER**—Have they approved security checks for all of these other photographic pass holders?

**Ms Penfold**—I do not know whether that has been put to them in so many words in terms of the pass system. I have no idea whether the pass system that DPS inherited had ever been

the subject of formal approval by the Presiding Officers. But if the new pass policy is approved then, yes, there will be a direct, formal approval of a written policy requiring those checks or not requiring those checks as the Presiding Officers determine in the end.

**Senator FAULKNER**—Except in certain categories, like members and senators and members of the diplomatic corps, is the plan to go back to the balance of the 7,000 photographic pass holders and run new police checks?

**Ms Penfold**—No, at the moment there is no plan to run new police checks. The plan would be to run them as people's passes expire and are up for renewal or as new passes are issued.

**Senator FAULKNER**—In the case of DPS alone, which you have direct responsibility for, you described a clear check as something that just goes onto the file. In a situation where the check is not clear for some reason or other, what happens then?

**Ms Penfold**—Then the agency security adviser makes the first assessment of whether that is an issue for the person's employment.

**Senator FAULKNER**—And if the agency security adviser decides it is not an issue, what happens?

**Ms Penfold**—Then they would advise the personnel people involved in the recruitment exercise and, again, the recruitment would proceed.

**Senator FAULKNER**—And if it is an issue?

**Ms Penfold**—If it is an issue, I would expect—and I should say that I have not had this experience in 3½ years—

**Senator FAULKNER**—I was going to ask you that.

**Ms Penfold**—But if it is an issue, I would expect that it would be raised first with the part of the department seeking to recruit that person, for a discussion about whether the particular offence was an issue for the kind of work that we were looking at that person doing or for their presence in Parliament House.

**Senator FAULKNER**—In relation to the press gallery, for example, there is no agency involved in these checks, is there; it is DPS just accepting the responsibility for doing it for those members of the federal parliamentary press gallery?

**Ms Penfold**—There is no other agency involved in the proposal, subject to the fact that the proposal involves a specific appeal first to the secretary and then to the Presiding Officers, against, I suppose, a disposition to reject a person for a pass.

**Senator FAULKNER**—But in relation to the federal parliamentary press gallery, the proposal is that these people would be either new members of the gallery or current members of the gallery whose pass had expired and a pass renewal was required?

**Ms Penfold**—That is right.

**Senator FAULKNER**—As well as members of the federal parliamentary press gallery, whom else in the building is DPS taking this responsibility for, because there is no lead agency?

**Ms Penfold**—That is right. That is why we have put ourselves into that position. I would have to say that it is not a job that I would happily take on or choose to take on, but we are the agency that is accountable to the Presiding Officers for the security of this building, so, until we can identify someone else who would also have the sort of accountability to make those decisions, I think we are stuck in the middle. Perhaps for the press gallery we could give it to the department of communications. I do not know.

**Senator FAULKNER**—Oh, great—have someone like Richard Alston or Helen Coonan deciding who could be journalists in the building! There are a few that they would accept—one or two. I could name them.

**Ms Penfold**—All I am suggesting is that that is where the content of their work, I suppose, is related to government activity. To go back to your earlier question, the other group that would be covered by DPS under the current proposal is the lobbyists. The third significantly affected group is staff of senators and members, and they would be covered by the department of finance.

**Senator FAULKNER**—Contractors?

**Ms Penfold**—We already do contractors. We do our own contractors.

**Senator FAULKNER**—In relation to the press gallery members, I understand you are also proposing to charge for the service. Is that right?

**Ms Penfold**—The current proposal involves charging for the cost of that police check for outside bodies—yes. I think the department of finance has already got some funding for the costs that they see coming.

**Senator FAULKNER**—Let us say a police check finds that there is some police record, it goes to the security controller—is that right—in the first instance?

**Ms Penfold**—The agency security adviser.

**Senator FAULKNER**—Who is that?

**Ms Penfold**—Currently that is Graeme Petteit.

**Senator FAULKNER**—Is he the final decision maker on this?

**Ms Penfold**—No, I would not regard him as the final decision maker. As I said earlier, if there were a proposal to knock someone back, I would expect that would first be discussed with the part of the department that was seeking to recruit that person—we are talking about DPS staff at the moment—and, if necessary, that would be escalated up through the department, as far as to me.

**Senator FAULKNER**—Are you the final decision maker, or are the President and the Speaker the final decision makers?

**Ms Penfold**—In terms of DPS staff I think I am the final decision maker because I have the employer powers under the Parliamentary Service Act, and that would not be something that the Presiding Officers would interfere in.

**Senator FAULKNER**—In relation to the parliamentary press gallery, who is proposed to be the final decision maker?

**Ms Penfold**—The Presiding Officers.

**Senator FAULKNER**—Is it planned that the Presiding Officers would receive a recommendation from either you or the security controller?

**Ms Penfold**—I think it is highly likely that, if there were an appeal to them, they would get something from the department—they would expect something from the department as well as whatever they got from the applicant. I do not think it would be appropriate to expect them to exercise that decision with only one side of the story.

**Senator FAULKNER**—Mr President, the ball is in your court in relation to the press gallery. Is it also in your court in relation to lobbyists?

**The PRESIDENT**—The Speaker and I certainly take this matter very seriously. We have spent millions of dollars on security in this place and, as a minimum, I think it is necessary to have a police check for all those people who have access to passes to wander around this building. So we take it seriously. I have no doubt that recommendations were made to us on issues, whether it be lobbyists or press gallery people. Both the Speaker and I have seen this procedure occur in the UK parliament and the US congress. If we are going to spend all this money on security, why would we want people wandering around here with free access without some sort of minimal police check? That is the view we take.

**Senator FAULKNER**—We will get to that, but I just asked you: is the proposal that you be the final decision maker in relation to lobbyists? We have had three categories identified by Ms Penfold where there is not an agency, effectively, as I understand the evidence she has given. The three broad categories are: members of the parliamentary press gallery, lobbyists and the staff of members and senators. I think that is fair, Ms Penfold?

**Ms Penfold**—Yes.

**Senator FAULKNER**—That is my understanding of what you have said to us. What I am trying to establish is: under the proposal, if the President and the Speaker are going to be the final arbiters for members of the press gallery, who is the final arbiter for the lobbyists?

**The PRESIDENT**—The same.

**Senator FAULKNER**—So it is the Presiding Officers for lobbyists. Is there any proposal about who the final arbiter will be for members and senators and their staff? Surely that would be the member or senator, wouldn't it?

**Ms Penfold**—No, not members and senators. I have already explained that we have no intention of trying to get police checks on members and senators.

**Senator FAULKNER**—No, their staff.

**Ms Penfold**—Their staff are under the auspices of the Department of Finance and Administration, and they would be signing off the police check issue.

**Senator FAULKNER**—Has any thought been given to what might happen in relation to the obligations of members and senators under the MOP(S) Act et cetera? Has anyone thought about this?



**Ms Penfold**—You would need to ask the Department of Finance and Administration. My understanding is that the police check may be done at the engagement stage, as we do in DPS for our own staff.

**Senator FAULKNER**—So you, Mr President, under this proposal, have a role in relation to lobbyists and members of the federal parliamentary press gallery.

**Senator MURRAY**—Sorry, before you move off staff—

**Senator FAULKNER**—I was not moving off it.

**Senator MURRAY**—Just a quick clarification. Would that apply to staff who do not visit a parliamentary office? Because many members and senators employ either part-time or casual staff who do not come to parliament.

**Ms Penfold**—Our interest is only in people who want a Parliament House pass. We would have no concern about staff who work only in the electorate office. Whether the department of finance propose to extend that police check to those staff is something you would have to ask them.

**Senator FAULKNER**—Mr President, under this proposal, you have the responsibility in relation to lobbyists and members of the parliamentary press gallery, putting aside MOP staff at this stage. They are the three categories where there is no vetting power for DPS. Can you explain to the committee how you and the Speaker—you can only speak for yourself but you may have discussed it with your colleague the Speaker—are proposing to defend the independence of members of the press gallery under this proposal. Have you given any thought to that?

**The PRESIDENT**—The whole matter has not been finalised yet, but I would expect that the only time the Speaker and I would be involved would be if there were an appeal by someone who was refused a pass. In that case, if it were a matter of not having a satisfactory police check, we would only want to know the circumstances. We would never want to know the name of the person involved; we would only want to know why the police check was not satisfactory. It is hard to say but, given the experience of other places, I think it would be very unlikely that there would be any great number of people who would be put in this position. For instance, I know that in the UK one person was denied a pass because of an assault case. I do not believe that would necessarily stop that happening here. I think the only things that people would be interested in would be dishonesty and that type of thing. I do not believe the Presiding Officers would get involved unless someone appealed against a refusal of the pass because their police check was not satisfactory. In that case, we would only want to know the circumstances rather than the name of the person involved.

**Senator FAULKNER**—Do you have clear in your mind, Mr President, where you would draw the line? What offences are serious enough to constitute the non-issue of a parliamentary photographic pass?

**The PRESIDENT**—We are still in negotiation; we have not got that far yet. They are the sorts of things that we will take advice on from security agencies and the like.

**Senator FAULKNER**—We will ask the security agency what they have in mind. You are putting this proposal out for discussion, and I want to know—and I think a lot of the

photographic pass holders would want to know—what offences are going to mean that a pass application will be rejected? Surely, before you put out such a proposal, someone would have in mind where you draw the line. Could someone help me on that? You can, can't you, Ms Penfold?

**Ms Penfold**—I cannot give you a list of offences that would raise issues and offences that would not. If I could give you that list, I would be more than happy to put that in the pass policy and hand it out to everyone, because that would make our job a lot easier. The Protective Security Manual goes on at quite some length about the issues to be taken account of. It is clear—and I do not think there is any way of getting away from this—that the assessment of what sort of police record might be of concern is a matter of judgement in a particular case, and that judgement may be quite different in different sorts of circumstances. The sorts of people who, for instance, the Department of Defence might be concerned about keeping away from some of their information may be quite different from the sorts of people that we may be concerned about in this building, where we are more concerned about physical security. However, the letter that went to the press gallery and the one that will go shortly to lobbyists—and I think also to senators' and members' staff—does contain about a page of material extracted from our draft policy, which itself is based on the discussions in the Protective Security Manual. I am more than happy to table that letter right now.

**Senator FAULKNER**—I would appreciate that because I certainly have not seen it. That would be useful.

**Ms Penfold**—Equally, if you want, I can read out the page at this stage.

**Senator FAULKNER**—No, just tabling it would be more than sufficient. Are you able to identify any failures of the current process?

**Ms Penfold**—In the sense that the building has not yet been blown up—

**Senator FAULKNER**—We are all aware of that.

**Ms Penfold**—and members or senators have not been attacked in their offices, no, I am not able to identify those sorts of failures. But I think that, like a lot of security aspects, we do not wait until the disaster has happened the first time before we try to do something about it. The other thing that I would say to you is that, as with a lot of these areas, the mere fact of requiring certain pre-employment checks or preaccess checks will deter some people from asking for things or putting up their hands to be recruited.

**Senator FAULKNER**—I do not know how journalists put up their hands to be recruited; I assume that their employing media organisations have something to do with it. It is a very easy thing for you to say, 'Oh, the building has not been blown up yet.' I know that; I actually know that. But I also know that literally thousands and thousands of people come into this building with accompanied and unaccompanied passes. That is true, isn't it?

**Ms Penfold**—Over an extended period, yes.

**Senator FAULKNER**—How many in a day?

**Ms Penfold**—On unaccompanied passes?

**Senator FAULKNER**—Approximately.

**Ms Penfold**—I cannot give you an approximate figure for a day. We can get those figures.

**Senator WONG**—Is that because you do not have them?

**Ms Penfold**—No, they are here, but I do not carry around that sort of range of figures in my head. I am more than happy to dig them out.

**Senator FAULKNER**—How many million did we say had visited Parliament House since it opened?

**Ms Penfold**—I said roughly 20 million. But the tourist visitors would not have got into the secure non-public parts of the building. So that is really—

**Senator FAULKNER**—No, they just got into the building, which has not been blown up.

**Ms Penfold**—Indeed.

**Senator FAULKNER**—That is not bad—none out of 20 million so far.

**Ms Penfold**—Going back to April this year, we issued 1,883 unaccompanied passes. I can do some quick mental arithmetic and get you a daily figure.

**Senator FAULKNER**—That will do.

**Ms Penfold**—In March there were 5,584.

**Senator FAULKNER**—That will do. That gives us an idea of the pattern—thousands of unaccompanied passes. I suppose that we are now going to do a security check on all of those people too, are we?

**Ms Penfold**—We would actually like to tighten up on the unaccompanied passes.

**Senator FAULKNER**—You would like to?

**Ms Penfold**—I believe that we should be issuing a lot fewer unaccompanied passes. But even now, when we issue unaccompanied passes, we are expecting a photographic pass holder to take responsibility for those people.

**Senator FAULKNER**—I know that. This just shows you the sort of problem that we have. How many hundreds of thousands of tourists visit the building and how many thousands of people are on unaccompanied passes? When we say that there has not been a problem to date, fair point, but we have to get these things into some sort of perspective. That is one of the perspectives that I have in relation to this and your response is to say, 'I'd like to do something about it.' Are there any plans to do anything about it?

**Ms Penfold**—The original proposal that came from the Security Management Board in fact suggested the abolition of unaccompanied passes. That was considered by the Joint House Committee and there was some resistance to that. The Presiding Officers are currently of the view that we should tighten up the unaccompanied passes to some degree but not abolish them.

**Senator FAULKNER**—When is that going to happen? Can't you see an inconsistency here between what happens with unaccompanied passes and what is being proposed for members of the press gallery, lobbyists and so on?

**Ms Penfold**—Yes, Senator.

**Senator FAULKNER**—It is totally inconsistent. How does that fit with your claim that we cannot relax because the building has not been blown up yet?

**Ms Penfold**—As I said—

**Senator FAULKNER**—It is an easy throw-away line, isn't it.

**Ms Penfold**—The initial Security Management Board recommendation was, along with all the police checks, to abolish unaccompanied passes. If we do not abolish unaccompanied passes then, yes, there is a degree of vulnerability at that point. However, if we do the police checks as recommended then we are at least improving the assurance we have about the people who are signing in other people as unaccompanied pass holders. That is not the level of assurance that would perhaps be desirable, but it is an improvement on the current position.

**Senator FAULKNER**—Where do I find in this document the issue of where we draw the line on the sorts of offences that mean a person will not be issued with a pass?

**Ms Penfold**—It is on page 3—and I do not have the exact copy you have, because it has not come back to me; this is in fact the one prepared for lobbyists—under the heading 'Vetting procedures: outcomes from police records checks'. There is an attachment to the letter. Sorry, it is on page 4 on the copy you have.

**Senator FAULKNER**—I will read that when we break for morning tea.

**Senator WONG**—Ms Penfold, you said you are looking at a draft of a proposed policy in respect of lobbyists as well.

**Ms Penfold**—Yes.

**Senator WONG**—Has that been tabled as yet?

**Ms Penfold**—The policy, as such, has not been tabled. The policy is still under consideration.

**Senator WONG**—Could you table the draft policy in respect of lobbyists?

**Senator FAULKNER**—I think you said there was a draft letter for lobbyists and a draft letter for members' and senators' staff. Is that right?

**Ms Penfold**—There is a draft letter for lobbyists. The draft for members' and senators' staff is very much more in draft form. I think I can give you the lobbyists' one.

**Senator WONG**—Who is currently drafting the one in relation to members' and senators' staff?

**Ms Penfold**—I think it is sitting somewhere on my table with red ink on it. But, if it has got that far, it is very similar to the ones you have in front of you.

**Senator WONG**—Perhaps if you table the lobbyists' one we can come back to this after the break.

**Proceedings suspended from 10.54 am to 11.11 am**

**CHAIR**—We will resume general questions to the Department of Parliamentary Services.

**Senator FAULKNER**—Could the President indicate to the committee what the plans are in relation to the proposal for police checks for photographic passes for members of the press

gallery and lobbyists? What is the plan now? Obviously there is this document of which we have received a copy. The letter has gone out to Ms Middleton, the President of the Press Gallery Committee.

**Ms Penfold**—An equivalent letter has gone, as I said earlier, to all press gallery licensees and all press gallery members. The other thing I should point out is that, although the letter says, I think, 11 May is the closing date for comments, I have actually extended that, after discussions with Ms Middleton, to 30 June.

**Senator FAULKNER**—I see—because we are past 11 May.

**Ms Penfold**—We were not at the time we extended it, but, yes, we are now past 11 May.

**Senator FAULKNER**—So that has been extended to 30 June. Mr President, what are your plans after the conclusion of—if I can describe it as this—the consultation period?

**The PRESIDENT**—Before I answer that, could I table the draft letter that has been sent to lobbyists?

**Ms Penfold**—It is a draft for sending to lobbyists.

**The PRESIDENT**—Sorry—it is in draft form for sending to lobbyists. I repeat: it is a draft letter, and I hope it will be treated as such. Senator Faulkner, getting back to your question about what happens next, we are still in the negotiation stage with the press gallery, and I presume the same thing will happen with the lobbyists once they have received a letter. Both the Speaker and I will have discussions with the secretary and our security advisers and, hopefully, will come up with the right sort of answer to proceed with this matter.

As you know, the Appropriations and Staffing Committee have played quite a significant role in matters of security since I have been President, in the last five years. Security is all we ever seem to talk about. We have to find out where we are going to get the money from. We have had to put in bollards, slip-roads, underground car parks and taxi spots. It is ongoing work, all the time. We will not deviate from trying to improve our security arrangements as long as I am President, and I am sure whoever follows me will do the same. It is an ongoing work in progress. That is what this particular matter will be. It is a similar type of operation to what has happened in other major parliaments around the world. As I said earlier, it is not fair if we do not pursue these security arrangements to the best of our ability.

**Senator FAULKNER**—Are we in a negotiation phase?

**The PRESIDENT**—Yes.

**Senator FAULKNER**—That is how you have described it. So that is a fair description?

**The PRESIDENT**—Yes. We are consulting with the press and will be consulting with lobbyists. We want something that is tough but also fair and practical.

**Ms Penfold**—Once this consultation period is finished and the consultation with lobbyists and the discussions about senators' and members' staff are finished, I would envisage putting a further submission to the Presiding Officers which will identify what has come out of the consultations and make a new set of recommendations. I think the Presiding Officers will make their decisions based on that, or they might suggest that before they make any further decisions the President takes the proposals to the Appropriations and Staffing Committee. We

have certainly built that into the processes. Only after that would the President and the Speaker make their final decision on where this pass policy is to go and what the implemented version will look like. So there is quite a lot of consulting to be done yet.

**Senator FAULKNER**—Has this matter been previously raised with the Senate Appropriations and Staffing Committee?

**The PRESIDENT**—I do not believe that the police check matter has been, no.

**Senator FAULKNER**—I do not believe it has.

**Ms Penfold**—I seem to recall that there have been discussions about pass policy and pass issues. I cannot tell you whether police checks have been mentioned at the meetings I have been at.

**Senator FAULKNER**—There have been discussions about pass holders and access issues, particularly in relation to the bollards, as you know. Why has the issue of police checks never been raised at that committee?

**Ms Penfold**—Because the process we are trying to work through is to get a coherent policy at each stage to consult on. We could have gone to the Appropriations and Staffing Committee first and then gone out to affected groups, but I would have thought that that was in many ways a much less logical approach because, if anything comes out of consultation with affected groups that produces changes in the policy, we then go back to the Appropriations and Staffing Committee and so on. It is a matter of: unless we put the first draft policy up on the internet and let everyone look at it at the same time—and we could have done that; there was nothing to rule that out—we would have had to decide where to start from and what the process of consultation was. And this was how we did it.

**Senator FAULKNER**—The only reason I raise that is the issue of transparency. Did the letters of 17 May 2006 and 26 October 2006 raise the police checks issue?

**Ms Penfold**—Those two letters were entirely about the licence agreements.

**Senator FAULKNER**—When did the Security Management Board come up with the idea about the police checks issue?

**Ms Penfold**—The policy was sent to the Presiding Officers in the second half of last year. I could find an exact date at some point for you. It has been under discussion by the Security Management Board for the best part of three years. I think that there were some police checks in the policy at the point when I came to the department but I could not give you a guarantee of that. We would have to go back through Security Management Board minutes over, as I said, those three years to see at what point police checks on groups were raised.

**Senator FAULKNER**—Mr President, in relation to the use of photographic passes—which has been canvassed previously at this estimates committee, as you are aware, and also by the Senate Appropriations and Staffing Committee—why has the issue of police checks, just in the interests of transparency, not been raised with members of the Senate Appropriations and Staffing Committee?

**The PRESIDENT**—Because it was not an issue that was raised with us until recently.

**Senator FAULKNER**—I see. So you did not know about it either—again?

**The PRESIDENT**—It was discussed. There is not much point in going to an appropriations and staffing meeting with some half-baked idea. You have to have—

**Senator FAULKNER**—I do not know—quite a few half-baked ideas have gone there!

**The PRESIDENT**—I know that your views on passes are a lot more radical than mine. We all have different views on how things should be done. We tend to take the best advice we can and, when we think the time is right, we bring the issue to the Appropriations and Staffing Committee.

**Senator FAULKNER**—As I said, it is an issue of transparency. When did you become aware of the police checks proposal?

**The PRESIDENT**—I am not sure about that. It would have been in the last two or three months perhaps. We have regular Presiding Officers' meetings, as you know—

**Senator FAULKNER**—Yes.

**Ms Penfold**—It was about September or October last year—maybe even a couple of months earlier than that. This proposal went to the joint house committee towards the end of last year.

**Senator WONG**—The President said that he was aware of it two or three months ago. Ms Penfold, you told us—

**The PRESIDENT**—Senator, I do not carry a diary around with me that says, 'This was raised on a certain date.'

**Senator WONG**—Just to clarify, Mr President, Ms Penfold said it was in September last year.

**The PRESIDENT**—The secretary has better knowledge of this issue than I have. Quite rightly, this matter did come up at our joint house committee meeting. It is still at the negotiation stage and, until we have something that is better researched, what is the point of bringing it to the Appropriations and Staffing Committee when it is only half-baked?

**Senator WONG**—Which bit is still at the negotiation stage?

**The PRESIDENT**—The police checks.

**Senator WONG**—You have already written to Ms Middleton.

**The PRESIDENT**—That is a draft.

**Ms Penfold**—That is a consultation document. It invites comments on a proposal.

**Senator WONG**—So has the consultation document that is sitting on your desk—

**The PRESIDENT**—On the one hand, if we went ahead and just did something we would be accused of not consulting with people. We are trying to consult with people and now you are trying to make out that perhaps I have known about this and have not been transparent enough. All the way through, we have brought matters to the Appropriations and Staffing Committee, joint house committee and the Security Management Board when we think it is appropriate to do these things. As you can see, we are still in the consultation process, and when something is worth discussing we will bring it forward to the Appropriations and

Staffing Committee, because they, above all, have been very helpful on all these security matters, from day one.

**Ms Penfold**—My recollection, from looking at the bits of paper that I have here, is that the submission to the Presiding Officers, with the full draft pass policy, was dated 7 September. I do not know when the Presiding Officers would have seen it.

**Senator WONG**—And the full draft pass policy is attachment A?

**Ms Penfold**—No. The full draft pass policy is a much more substantial document.

**Senator WONG**—Where is that?

**Ms Penfold**—It has not been tabled; it is a draft policy.

**Senator WONG**—Is it prepared by you, Ms Penfold?

**Ms Penfold**—It is prepared by the Security Management Board. It was certainly prepared in DPS, yes.

**Senator WONG**—In relation to senators' and members' staff and the letter that is on your desk, to whom is that letter?

**Ms Penfold**—That letter will be sent by email to all the people on the parliamentary computing network email list in the groups 'senators' staff' and 'members' staff'.

**Senator WONG**—What about senators and members?

**Ms Penfold**—Yes, we could copy it to senators and members. That would not be a problem.

**Senator WONG**—This draft policy is proposed in relation to our current and future staff?

**Ms Penfold**—Yes, and I am more than happy to add them to the email addresses.

**Senator WONG**—When do senators and members get to input into the draft policy, or do we not get to do so before it is finalised?

**Ms Penfold**—As I said, Senator, we have taken it to the joint house committee, whom I understood were the representatives of senators and members in these matters.

**Senator WONG**—That was not my question, Ms Penfold.

**Senator FAULKNER**—I would not know whom the joint house committee represented.

**Senator WONG**—I am sure we could find out at some point.

**Senator FAULKNER**—It is unlikely that any joint committee represents me!

**Senator WONG**—Have you turned your mind to any consultation with senators and members before this draft policy is finalised?

**Ms Penfold**—I had seen the joint house committee as the representative of senators and members and, certainly, when they looked at the policy they provided feedback from the point of view of senators and members. But I am more than happy, when that letter goes out to their staff, for it to also go out to the senators and members.

**Senator WONG**—Will that be a consultation letter—

**Ms Penfold**—That will be the same sort of letter—



**Senator WONG**—that is, ‘feedback is invited as per the letter to Ms Middleton’?

**Ms Penfold**—It will be a consultation letter, given that we do not have a settled policy yet. It is possible that it will have some additional recognition of the fact that our relationship with senators’ and members’ staff is through the pass system, and the issue of police checks will also come up in terms of their MOP(S) Act employment—

**Senator WONG**—Correct.

**Ms Penfold**—so it may refer them to the department of finance as well as inviting them to give us comments.

**Senator WONG**—Is DOFA proposing to adopt your policy?

**Ms Penfold**—You would have to ask DOFA about that.

**Senator WONG**—You are in discussions with them. Your policy indicates that various agencies have responsibility for enforcing these matters in respect of different categories or cohorts of staff, right? So decisions on the outcome of records—I am referring to section 5 of your draft policy—are made by DPS in respect of certain cohorts, DOFA in respect of others and the Department of the Senate and the Department of the House of Representatives in respect of others. Presumably, given that you have written this, there is some understanding of what policy will be applied by the other departments, or has that not been the subject of consultation—or is it simply that they will apply the same approach?

**Ms Penfold**—It has been the subject of consultation. The department of finance are represented at Security Management Board meetings, so they have been aware of this proposal all along and have been involved in developing it. The distinction I am drawing is that the draft pass policy as currently described requires that Finance, as it were, provide the assurance to us in terms of a pass application for members’ or senators’ staff. We have already established that not all senators’ and members’ staff actually come to Parliament House, so there is already one group of them that we have no interest in. The department of finance have agreed that they are happy to give that sign-off on the pass application form. I do not know what they propose to do at the step before that—the engagement of senators’ and members’ staff.

**Senator WONG**—Okay. And you do not know whether or not the principles which are suggested here at No. 4 about how you would assess previous convictions or things that come up on your police check will apply to senators’ and members’ staff in the context of the DOFA check?

**Ms Penfold**—I do not know how they will apply. Those principles would be relevant to Finance deciding whether they sign off on a pass application. I suspect that they are more generally relevant to what Finance will do, given that, as I said, they reflect the discussion in the Protective Security Manual, which binds the department of finance in the same way that it binds us. But, as I also said earlier, if they start applying a police records check at the engagement point for senators’ and members’ staff, they may be looking at a broader range of issues than we are looking at in terms of pass security and building security.

**Senator WONG**—But, effectively, doesn’t the policy contemplate DOFA preventing a staff member of a senator or member from getting a pass?

**Ms Penfold**—Given that they are the ones who will have to give the sign-off on the pass application form that they are satisfied—given the results of the police records check—that the person is a suitable person to have a Parliament House pass, yes, that is a possibility. Yes, if they refuse to do that then there is no pass.

**Senator WONG**—That is a fairly significant step, obviously, because it is about people's employment. What is the process in relation to the protocols associated with that? Is DPS having any involvement in that or are you expecting Finance to deal with that?

**Ms Penfold**—I think that is an internal matter for Finance.

**Senator WONG**—Has it been discussed? This is coming about as a result of a move by DPS in relation to passes which has implications potentially for people's employment. So presumably you would have had discussions with DOFA about what their process is for implementing it.

**Ms Penfold**—Not specifically. As I said, Finance has been represented throughout the process of the Security Management Board developing this policy. But we on the Security Management Board have not specifically concerned ourselves, or regarded it as our responsibility to concern ourselves, with how Finance will implement that internally and with members' and senators' staff. That, I think, is very much a matter for the department of finance.

**Senator WONG**—And DPS is the proposed sign-off agency in relation to lobbyists?

**Ms Penfold**—Yes, that is right.

**Senator WONG**—And this letter to lobbyists has not yet been sent?

**Ms Penfold**—No, it has not.

**Senator WONG**—When are you proposing to do so?

**Ms Penfold**—As soon as I get a chance to finalise it, which will be some time after today. It will ideally be this week, but it is one of the things that has been put aside while other more pressing matters have been attended to.

**Senator WONG**—'More pressing'. You mean attendance at Senate estimates in accordance with the normal procedures of the Senate?

**Ms Penfold**—I mean preparation for attendance at estimates in particular.

**Senator WONG**—I am sure you are very pleased to attend and to assist us in these matters, Ms Penfold.

**Ms Penfold**—Absolutely.

**Senator WONG**—To whom else is this letter going, other than the representational pass holders? Is that what they are called?

**Ms Penfold**—I think that is what they are called in the new policy. It will go to all the people for whom we have an email address—again, it is a matter of an email list—who currently have what we identify as lobbyist passes.

**Senator WONG**—Senator Faulkner probably asked this, but I am afraid it has slipped my mind. Where is the final decision being made to finalise the policy—at which level?

**Ms Penfold**—The Presiding Officers have that final say.

**Senator WONG**—And that will be done after discussion with which particular committee?

**The PRESIDENT**—The Appropriations and Staffing Committee, when we have something decided.

**Senator WONG**—That is in relation to staff members, but there are a range of other cohorts.

**The PRESIDENT**—No, all of the security matters of any substance that we have so far discussed we discussed with the Appropriations and Staffing Committee. I understand that the House of Representatives may even decide to have an appropriations and staffing committee eventually, when they get into the real world.

**Senator WONG**—So even the lobbyist policy will be discussed there?

**The PRESIDENT**—I expect that will happen when we have something to show them.

**Ms Penfold**—My intention would be that the entire policy would go to that committee, but obviously the President can—

**Senator WONG**—Thank you.

**Senator MURRAY**—Just for clarification: a police check only covers records held in Australia, doesn't it?

**Ms Penfold**—I believe so.

**Senator MURRAY**—So you would not know about foreign convictions?

**Ms Penfold**—That is my understanding.

**Senator MURRAY**—With respect to the press gallery, if a member of the press were deported from a country, would that exclude them from getting a pass?

**The PRESIDENT**—They can involve Interpol.

**Ms Penfold**—The President tells me that police checks can involve Interpol, but I am not sure they do for the basic \$36 ones that we obtain.

**Senator MURRAY**—If you do not know and you are not completely across it, perhaps you could let the committee know. It would be interesting to know what it does not cover as opposed to what it does cover.

**Ms Penfold**—We can follow that up.

**Senator MURRAY**—Back to the deportation question: will press gallery members deported from a country get refused a security pass?

**Ms Penfold**—I am not sure how that would even come to our notice at this stage, given that that is unlikely to show up on a police records check.

**Senator MURRAY**—And if it did?

**Ms Penfold**—If it did then I guess it would be a matter, as with most of the things that show up on police records checks, of working out why they were deported—what their behaviour had been that had led to that.

**Senator MURRAY**—I am sure you are aware of this, but one of the things you will need to bring to the Appropriations and Staffing Committee is the discretion that will be applied in particular circumstances—and I see no sign of that in the documents we have before us—and, of course, an appeals process and/or a further response process. If someone were deported from the UK, I would take a lot more notice than if someone were deported from Zimbabwe.

**Ms Penfold**—Absolutely, Senator. Going back a step: we have already described the appeals process here. I would have to say again that I would be more than happy if someone could come up with a better appeals process that did not involve me and that did not involve the department. At the moment it is the Presiding Officers. I think the Presiding Officers still have to be the ultimate recourse for appeal, unless they want to delegate that to another group, but it seems to me that the decisions and the reviews of those decisions have to be made in the end by someone who is responsible for security in this building or who is in some other way accountable to someone who is responsible for security in this building.

On the matter of the discretions: in the nature of a discretion you cannot list every case that is likely to come up and give a clear answer. If you could do that, you would not need a discretion. We are looking at the same sort of discretion that currently applies to every Commonwealth employee and potentially to an awful lot of other employees in the non-government sector.

**Senator MURRAY**—Your problem, Ms Penfold, is that this is markedly different from a normal employee situation with respect to some of these categories. For instance, the pass policy for the media is a freedom of the press issue; it is not just a question of people attending an office building. The same might apply to other pass categories. From just listening to you, I am disquieted that insufficient consultation has occurred with the appropriate Senate committee with respect to those issues.

I think it is more complicated than a security adviser would understand—without being rude to the security adviser. So I would ask you, on notice, to consider whether the Appropriations and Staffing Committee should look at the non-security issues that have been raised here, as opposed to the purely security ones, which relate to how a police check occurs, what happens, and so on.

**Ms Penfold**—I am not sure that it is up to me to decide what the Appropriations and Staffing Committee looks at, but—

**Senator MURRAY**—Let me rephrase the question. I would then ask the President to think about that. I do not think it is something that you need to do immediately. I think this is more sensitive than is apparent on the surface.

**The PRESIDENT**—I suppose it depends on how far you want to go. I understand that there are three sorts of police checks at the moment. You can do one for a state or a territory, you can do one for all states and territories or, as we said earlier, you can ask for an Interpol check, which is more expensive. We have not even thought about an Interpol check at this stage in our draft policy but it may be something we look at and consider. Basically, I think the suggestion was that the police check would be just a normal sort of police check that people have. I do not know what it is like in your party, but in the Liberal Party, if you want to

nominate to be a senator, for instance, you have to have a police check and provide it, but you do not take into account speeding fines and the like.

**Senator FAULKNER**—That has obviously been ignored a few times.

**The PRESIDENT**—It may well have been—I do not know. It is a question of how thorough you want to be on these matters. We believe that a basic police check would be an advantage to security in this building. I hear what you are saying. We will take those thoughts into account.

**Senator MURRAY**—I think that, before you go to the people affected with a formal kind of proposal, which is what this is—this is the outline of how it would be—some of these sensitive issues need to be further explored. I would have thought that the proper process would be with the relevant parliamentary committees, because they are sensitive to issues about freedom of press and those kinds of complications. I do not think a security officer or an adviser would be.

**The PRESIDENT**—The thing that concerns us is freedom of access in this building and whether the people who have free access are the right sorts of people to have free access. That is what it is all about.

**Senator MURRAY**—If I were to ask you, ‘How many people in that category are foreign born or have lived in foreign countries?’ you would probably answer, ‘A quarter or a third.’ It would be a very large number. So, if you are going to have only one type of police check—do you see what I mean?—you would have holes in it.

**The PRESIDENT**—Thank you for that advice.

**Senator FAULKNER**—Do you still have the lock-up downstairs?

**The PRESIDENT**—Do you think we should be using it?

**Senator FAULKNER**—No—I am just asking if it is still available for use.

**The PRESIDENT**—No.

**Ms Penfold**—I believe it was converted into office space some time ago.

**The PRESIDENT**—We are always short of office space.

**Senator FAULKNER**—Obviously there must have been no concerns about dodgy people around the building, if that is the case.

**Ms Penfold**—Or possibly the assumption was that we would be able to keep them out, so we would not need to lock them up inside.

**Senator FAULKNER**—It must have been a wrong assumption, according to you, Ms Penfold, because there are squillions of people running around and no-one has done any security checks on them. But you are more concerned about it than me. I am just relieved to hear that there is no lock-up in the basement. I would probably be the first person in it otherwise, if it were left to DPS!

**Senator MURRAY**—I know a few people who would want to put you in there first!

**Senator FAULKNER**—Yes.

**Senator FIERRAVANTI-WELLS**—I want to ask you some questions in relation to the extent that DPS is responsible for or the role that you have played in the new phone rollout that we have had. Can you explain, with regard to Infrastructure Services, the component that DPS is responsible for?

**Ms Penfold**—I will ask Mr Kenny to explain that.

**Mr Kenny**—Is your question about our responsibilities?

**Senator FIERRAVANTI-WELLS**—We have had a rollout of new phones.

**Mr Kenny**—Yes, I understand that.

**Senator FIERRAVANTI-WELLS**—There have been considerable problems in relation to the rollout of the new phones. I want to understand who is responsible for the rollout: is it a combination of DOFA and DPS, is it just DPS or is DPS just responsible for the support of the new service and the network? That is what I would like to understand.

**Mr Kenny**—DPS worked very closely with DOFA over quite an extended period—I think more than 12 months—to evaluate and make recommendations as to what the new technology would be. The project was originally about replacing the old PDAs. Having said that, it is an entitlement issue, and therefore the lead and the decision makers on it are the Department of Finance and Administration. We worked closely with them to evaluate some products.

**Senator FIERRAVANTI-WELLS**—Including network access?

**Mr Kenny**—By network access do you mean how well the device works in various parts of the country when distributed around the country?

**Senator FIERRAVANTI-WELLS**—Yes.

**Mr Kenny**—No, I do not believe we, DPS, did very much about that. I am aware there was some discussion. Concerns were raised on more than one occasion by various members and senators about how accessible the devices would be at various parts of their electorates around the country. To some extent the issue of how good the coverage is comes down to who was selected as the infrastructure provider and how quickly that organisation is able to upgrade or install its infrastructure around the country. That was not something that we looked at. We did look at how the devices interface with the parliamentary computing environment and we do provide some support services, but the actual decision on the devices and, by implication, the provider that runs the infrastructure behind them was within DOFA, although I think more correctly the decision was probably made by the Special Minister of State. But that would be best asked of DOFA.

**Senator FIERRAVANTI-WELLS**—In so far as there were difficulties, from your perspective they were really in the evaluation process and the pilot project, and the evaluation thereafter with the new devices. I am trying to understand the role you have in the support. There were a lot of problems. I had some problems and tried to get support but there did not seem to be a clear line of responsibility for it. For example, I was overseas on a delegation and we had a lot of problems with access. I certainly had problems with access with the phone and I know other members on the delegation had problems as well. I am trying to understand who is responsible for the support and who is responsible for the phone itself.

**Mr Kenny**—We provide some support; obviously we would be able to explain to people how they might connect into a different sort of network when overseas or what hoops they have to jump through to interface with the overseas network. But, quite frankly, as we learnt how the new devices worked, we would be able to incorporate that into our overall help desk knowledge base.

**Senator FIERRAVANTI-WELLS**—My concern was that it was rolled out and some of your staff had only a few days before people such as me came to them and asked them for support and, regrettably, there was not support there. I am really asking you to go back and evaluate the rollout and, in particular, to look at the sorts of problems that were experienced in this particular rollout. In future, if you are going to rollout new devices, can you please ensure that the support network for that new rollout is adequately in place before you send people off with new devices with all sorts of assurances that it is going to work? That is where I am coming from. If you go back and have a look at your records, you will see the number of complaints that certainly I raised and I am sure other members and senators, who were probably as equally frustrated as I was, raised with you.

**Mr Kenny**—That is a fair point, Senator, and we will be looking at the overall success and problems that occurred within the rollout. I do not want to make excuses but I think in fairness to our staff, who did work very hard to make it as successful as it could be, the decisions on the technology and the timing of the rollout were not our decisions.

**Senator FIERRAVANTI-WELLS**—I appreciate that. That is what I am asking. Thank you.

**The PRESIDENT**—I think that is a fair point. The Senate does not have control of decisions such as those and yet we are supposed to support them. Therein lies the problem.

**Senator FIERRAVANTI-WELLS**—I think that is a very fair point. People who do a great job in terms of supporting the infrastructure, I think, were placed in a difficult situation.

**Senator FAULKNER**—I want to very briefly ask about the air conditioning in Parliament House. I received, as everyone did, the information circular No. 13 of this year dated 7 May about the changes to the cooling set points being raised two degrees to 24 degrees in some areas and remaining at 22 degrees in other areas. Obviously, an intention here is energy saving—is that right?

**Ms Penfold**—The original intention was water saving.

**Senator FAULKNER**—How does it save water?

**Ms Penfold**—During the warmer months, the cooling tower for the air conditioning uses quite a substantial amount of our water. During summer, once we were on stage 3 water restrictions, the cooling tower was using a total of between a quarter and one-third of our daily allowance.

**Senator FAULKNER**—I understand that. ‘How does it save water now’ would have been a better question for me to ask.

**Ms Penfold**—When you say now, do you mean today?

**Senator FAULKNER**—Now being this time of the year.

**Ms Penfold**—Being winter, it saves very little at the moment. But, since this is an ongoing change, we expect that as the temperatures warm up again it will again start saving significant amounts of water.

**Senator FAULKNER**—So it will save water next summer but not in the meantime?

**Ms Penfold**—If the water has not been used, it is hard to save it.

**Senator FAULKNER**—Yes, so it is not a water-saving measure at the moment?

**Ms Penfold**—That is a way of putting it. It has been introduced as a water-saving measure.

**Senator FAULKNER**—Yes, I know. But what has not been told to us in all the fanfare is that it will not save any water until next summer.

**Ms Penfold**—Senator, I cannot tell you that it will not save any water until next summer. That will depend on what outside temperatures are like and so on.

**Senator FAULKNER**—I got the message. It will not save any water until next summer, which is exactly what I thought, and I just wanted you to confirm that, so any suggestion that it is a water-saving measure is malarkey, basically.

**Ms Penfold**—Senator, the reason it was done was to save water. It will be a water-saving measure.

**Senator FAULKNER**—It will be—

**Ms Penfold**—At the point when water would otherwise have been used.

**Senator FAULKNER**—Yes, next summer. So it will not be saving anything in winter. I do not know whether this is right or wrong but a number of people have suggested to me that the air-conditioning system in Parliament House is quite a unique one in terms of the technology and so forth. I am no expert in this at all but I wondered whether someone could help me and whether that is the case. Effectively, it has been suggested to me by a number of people who are very expert in this that there are not too many, if any, air-conditioning systems like the one that we have. Would that be right?

**Mr Nakkan**—In terms of the technology used in air-conditioning controls it is reasonably unique. The complexity and the magnitude of this building and its ventilation systems are pretty well without peer.

**Senator FAULKNER**—So it is a unique system. Are you satisfied that we have the expertise in the building to ensure that this unique system operates as well as it can?

**Mr Nakkan**—I am very confident of that.

**Senator FAULKNER**—So we have air-conditioning experts in the building who are expert in our unique system?

**Mr Nakkan**—Specifically with our system, yes.

**Senator FAULKNER**—Does that require any special training?

**Mr Nakkan**—Yes, in a number of areas. We employ air-conditioning tradespeople who do the day-to-day maintenance operation and programming of the system. That is supplemented by technical officers and engineers.



**Senator FAULKNER**—So, given the unique nature of the air-conditioning system in this building—the specifications, the plans and so forth—there is basically nothing like it elsewhere. Is that right?

**Mr Nakkan**—In general, yes.

**Senator FAULKNER**—Who is responsible for the oversight of those documents?

**Mr Nakkan**—That responsibility is within my branch.

**Senator FAULKNER**—So all the plans, specs et cetera are kept there?

**Mr Nakkan**—Yes. We have a building information section that maintains all the master drawings and technical information.

**Senator FAULKNER**—In this case the master drawings would be very important if it is a unique system?

**Mr Nakkan**—Yes.

**Senator FAULKNER**—So you can assure us that these are being kept appropriately and with due account of the fact that it is a unique system?

**Mr Nakkan**—Yes. We maintain a hard copy of the original as constructed drawings. As well, all the drawings have been progressively digitised.

**Senator FAULKNER**—Is that happening now?

**Mr Nakkan**—That is complete.

**Senator FAULKNER**—Good. I was going to also ask about the changes in relation to taxi services, particularly the new security point 1 forecourt basement changes that have been brought into effect. They are now fully operational. Is that correct, Ms Penfold?

**Ms Penfold**—That is correct.

**Senator FAULKNER**—As of early May?

**Ms Penfold**—I think it was budget night or the day before the Monday of budget week.

**Senator FAULKNER**—Are you able to say if this system is working well or is it too early to say that yet?

**Ms Penfold**—It is too early to say, from my point of view. I have heard only one piece of feedback so far about whether the taxi rank is working as one might hope. I would have to say that was not particularly positive, but that was one experience.

**Senator FAULKNER**—A number of issues have been raised with me. I thought to myself, ‘I don’t know why anyone would raise them with me,’ so I thought I would raise them with you. A suggestion has been made to me that the phone at the rank is not configured in a way that works sympathetically with the automated booking system. In other words, it takes ages—10 minutes plus—to get the computer to understand people. Whether this is a problem with the broader system or specifically with that point, I do not know. Have you had any feedback on that?

**Ms Penfold**—I have heard nothing at all about whether the phone was configured properly. I am not sure from your description whether the problem is how the phone operates or, as you say, how the computer system operates when you get on to it.

**Senator FAULKNER**—And nor am I. I am not going to suggest to you that it is a weakness with one or the other; I just received that feedback. Was there a plan to have some tours to show people where the new rank is?

**Ms Penfold**—Yes, we did offer that.

**Senator FAULKNER**—How have the tours gone?

**Ms Penfold**—I am not aware that we have had any particular demand for them.

**Senator FAULKNER**—Do you mean that there have not been any tours?

**Ms Penfold**—There have not been any tours yet, but I am not sure that anyone has wanted a tour. We are certainly not running, as it were, phantom tours with no tour participants.

**Senator FAULKNER**—I would not suggest that you would. What does that mean: no tours have been held?

**Ms Penfold**—That there is very low demand for tours.

**Senator FAULKNER**—Is there very low demand for security point 1?

**Ms Penfold**—I am not sure what the right answer to that question would be. It is used by a fair number of people from day to day.

**Senator FAULKNER**—Your document—

**Ms Penfold**—It is possible that the circular gave such a clear description of how to get to security point 1 that no-one felt they needed a tour after that.

**Senator FAULKNER**—It is possible but I think it is pretty unlikely. According to the circular:

Canberra Cabs has advised us that they are about to implement a new system of work allocation that is designed to encourage taxi drivers to wait in the Forecourt Basement ...

Was that an initiative of Canberra Cabs or DPS?

**Ms Penfold**—That was an initiative volunteered by Canberra Cabs when we had a meeting with them about this whole issue.

**Senator FAULKNER**—Fair enough—volunteered by Canberra Cabs. What was the feedback from DPS on that—encouraged or discouraged?

**Ms Penfold**—We said we thought that would be very useful.

**Senator FAULKNER**—Do you have any indication of what that might mean for people who want to get cabs from either the Senate or House of Representatives entrances?

**Ms Penfold**—I do not think that it would affect people wanting cabs from there, because it is to do with whether they use the forecourt basement taxi rank or other taxi ranks in this zone—whatever the taxi zone is. The understanding we had was that this new system would incline taxi drivers to wait in the basement car park of Parliament House rather than at, for instance, the taxi rank outside the John Gorton building.

**Senator FAULKNER**—I am not sure about that, and you are not sure about it either. But there is some concern by the users of the Senate or the House of Representatives side that that is the case, but we do not have any indication yet whether that is—

**Ms Penfold**—I do not think there is any scope for taxis just sitting outside the Senate or the Reps entrances on the off-chance of picking up a fare. Booking taxis to either the Senate or the House of Representatives sides should not be affected by this particular system.

**Senator FAULKNER**—What are the plans in terms of an assessment of the changes? Fair enough—you say it is too early. I accept that. When do you think it is likely to be done—after this sitting fortnight or perhaps the subsequent one? What are the plans, if any?

**Ms Penfold**—I think we will need to do two things: perhaps invite feedback from users about whether they have found any improvement in the scope for getting a taxi from Parliament House at all and from anyone who has tried to use the basement car park taxi rank to find out what sorts of experiences they have had. I think it would be useful, probably after we get that feedback, to have another talk to the taxi companies.

**Senator FAULKNER**—What about the timing?

**Ms Penfold**—I would be inclined to leave that until the end of this sitting period. Maybe we could ask for feedback in late June, in the last couple of sitting weeks in June. I am conscious that we also hope to issue a departmental survey—a more general client survey—at that point. So it may be that it is easier, from the point of view of our clients, to incorporate the taxi issue in that one or perhaps we can do a much simpler call for feedback on the taxi thing. I think that towards the end of these sittings would be the sensible time.

**Senator FAULKNER**—Okay. I will look forward to reading about that. Can I ask another thing: is it possible to access the top of the building, Parliament House—in other words, under the flagpole, the top of the hill—from Parliament Drive, from the bottom of the hill, or are you fenced off?

**Ms Penfold**—It is all fenced off.

**Senator FAULKNER**—All fenced off?

**Ms Penfold**—As far as I am aware, Senator.

**Senator FAULKNER**—Well, that is what I thought was the case.

**Ms Penfold**—Yes.

**Senator FAULKNER**—You cannot do it.

**Ms Penfold**—No, I did not say you cannot do it. I said it is all fenced off.

**Senator FAULKNER**—Yes.

**Ms Penfold**—We do from time to time have the experience of a person climbing over the fence.

**Senator FAULKNER**—And you clap them in irons, do you, I suppose, when that happens!

**Ms Penfold**—I am not aware that anyone has been clapped in irons.

**Senator FAULKNER**—But what do you do in those circumstances?

**Ms Penfold**—In the circumstances that I am aware of, the AFP protection officers point out to them that they are not supposed to come over that fence and send them back down the hill.

**Senator FAULKNER**—Yes, I thought that was the case. But there are of course special arrangements. If you are a minister, those arrangements do not apply, do they? If you are a minister, a senior minister in the Howard government, you can access the top of Parliament House, can't you, from the road? It is only the rest of us who cannot do that.

**Ms Penfold**—Not to my knowledge, Senator. But I guess if you were a minister and you climbed over the fence it is possible that the AFP protection people would take the view that there was not any point in sending you back down. But I am not aware of any such incident.

**Senator FAULKNER**—Well, I am. On 7 May 2007, the *Sydney Morning Herald* and a range of other media outlets dramatically trumpeted this—by the way, it was about Mr Costello, Senator Fifield's friend.

**CHAIR**—And yours, Senator Faulkner, I am sure!

**Senator FAULKNER**—I do have a lot in common with Mr Costello: we have the same attitude towards the Prime Minister.

**CHAIR**—Your question, Senator Faulkner.

**Senator FAULKNER**—I will just quote from the newspaper coverage and the media splash—it was Mr Costello in his tracksuit:

For the past six months he has hit the road in the wee hours. When in Canberra, as he has been preparing the budget, he jogs a lap of the Parliament, and finishes by racing to the top of the building's grassy roof.

This is what he said:

“I run around this building. I run up to the top of the hill and I clasp my hands together like Rocky Balboa,” he said. “When you get to the top of the Hill, it's a fantastic view.”

Now, either Mr Costello is lying or there are special arrangements for his access to the top of the hill. Can you tell me what the situation is? I would hope Mr Costello was not lying.

**Ms Penfold**—I am not aware of any special arrangements, nor are my security staff. Yes, they are confirming that. What I can throw into this, though—and I know nothing at all about the Treasurer's exercise habits—

**Senator FAULKNER**—I quickly add: nor do I, Ms Penfold!—just what I read in the paper, in his own words.

**Ms Penfold**—is that I do know other people who choose to exercise by running up the hill at Parliament House.

**Senator FAULKNER**—Do they go up to the top of the hill and clasp their hands together like Rocky Balboa?

**CHAIR**—Senator Faulkner, you can get 90 per cent of the way towards the top of the hill, can't you?

**Ms Penfold**—Senator, this is what I am getting around to.

**Senator FAULKNER**—You mean he was being 90 per cent truthful!

**CHAIR**—Where does the summit start?

**Senator FAULKNER**—You are just incorrigible, Chair. But your loyalty deserves mention, Ms Penfold.

**Ms Penfold**—These people have said to me that, now that we have removed the big, white plastic barriers that were halfway down the ramp and allowed access back up to where those fences are now, the slope and the length of the slope are now sufficient to get some sort of aerobic or muscular work-out. I do not know what it is and I do not wish to know.

**Senator FAULKNER**—That is more than enough information, thank you, Ms Penfold!

**Ms Penfold**—But that may be all that the Treasurer is getting, along with a lot of other dedicated people.

**Senator FAULKNER**—It seems an extraordinary statement for him to have made. And, if you see him hopping over the fence to go up to the top of the hill to clasp his hands together like Rocky Balboa, can I ask that he be arrested! If that is what he is doing, he should have no special rules.

**Ms Penfold**—He will be dealt with the way other fence jumpers are dealt with— politely and sent back down the hill.

**Senator FAULKNER**—How are the bollards going?

**The PRESIDENT**—There were no problems in May, no problems in April, and a 0.07 per cent failure rate. You can continue if you want, Ms Penfold!

**Ms Penfold**—You have done very well, Mr President! Unless the—

**Senator FAULKNER**—How does that failure rate compare to other months? It seems a bit lower to me.

**Ms Penfold**—It is a lot better.

**The PRESIDENT**—The failure rate of the bollards this year is around about 0.07 per cent of operations. There were no bollard failures during April or up until 15 May.

**Ms Penfold**—We are all at risk of being embarrassed to discover that they failed on Saturday.

**Senator FAULKNER**—I do not quite understand what that means.

**Ms Penfold**—The figures were to 15 May.

**Senator FAULKNER**—I appreciate that; that is fine.

**Ms Penfold**—Mr Kenny has given me an update. As of this morning there were apparently still no bollard failures. That was three hours ago.

**Senator FAULKNER**—If we take a step back and look at this in the cold, hard light of day, can we say that nearly one in every hundred times the bollards are used they fail? Is that right?

**Ms Penfold**—I think it is closer to one in a thousand.

**Senator FAULKNER**—You said 0.7 per cent.

**The PRESIDENT**—No, 0.07 per cent.

**Senator FAULKNER**—Fair enough.

**The PRESIDENT**—That is seven in a thousand.

**Ms Penfold**—Seven in 10,000. We are not here because of our maths ability!

**Senator FAULKNER**—If it is 0.07 per cent, it is seven in 1,000, isn't it?

**Ms Penfold**—Seven in 10,000, I think it has to be. Yes.

**Senator FAULKNER**—It is seven in 10,000. How does that compare to what the original specifications were?

**The PRESIDENT**—It is a big improvement.

**Ms Penfold**—I am not sure that we had specifications for failure rates.

**Senator FAULKNER**—What was the expected failure rate? Obviously, no-one was expecting perfect operation. The 0.07 per cent failure rate is seven in 10,000, is it?

**Ms Penfold**—That is what we have concluded, with help from around the table.

**Senator FAULKNER**—It depends how you calculate it, I suspect. I am in your hands.

**Ms Penfold**—I do not think percentages depend on how you calculate them.

**Senator FAULKNER**—How does it compare to what had been expected and was seen to be reasonable in terms of the operation of these things?

**Ms Penfold**—I do not believe that the general specifications that I saw for the bollards included a failure rate. We could look at the more detailed information, but frankly I would be surprised if a failure rate were specified.

**Senator FAULKNER**—Fair enough. Given that there is that 0.07 per cent failure rate, what is the view of DPS of that figure? Is that deemed to be an excellent result or a satisfactory result? What is the view?

**Ms Penfold**—I would prefer the result we have for the last month and a half, which is no failures, but realistically, with mechanical equipment that is going up and down lots of times a day, we probably cannot expect that anymore than we can expect that for other mechanical devices. We are currently negotiating the maintenance contract, and the maintenance contract will have specifications for failure rates. But I think we probably have to accept rates around that sort of level.

**Senator FAULKNER**—Okay. I want to ask you about the influenza vaccine issue, which I have raised at a number of previous estimates hearings into DPS. Have there been any developments on that front at all?

**Ms Penfold**—The developments are as follows. Since we discussed it at the last estimates committee, I have had two approaches from members of the public telling me about their experiences with the 2005 flu vaccine—not as it was delivered in Parliament House, but the 2005 vaccine. I have put together a letter to Health Services Australia which asks them to

review the 2005 vaccine, having regard to the experience we had in this department and the experiences of those two members of the public. The draft letter was sent a couple of weeks ago to the affected members of staff asking for a formal, specific consent for me to release their medical information that we have to Health Services Australia for the purposes of that review. I received the last consent this morning, so we can now pull together the actual health information for that last person. And she, of the four, has expressed a wish to see that information before it goes, so we will go through that process and then I will send all the information that we have to Health Services Australia, and copy it to Comcare and the Therapeutic Goods Administration—the letter, probably not the actual health information at this stage—to see what they make of it.

**Senator FAULKNER**—You described this as a review by Health Services Australia.

**Ms Penfold**—That is how I have described it, yes.

**Senator FAULKNER**—Is this your initiative?

**Ms Penfold**—That is my initiative.

**Senator FAULKNER**—What is the reason for that initiative? Why now?

**Ms Penfold**—As you know, we have been discussing over several estimates hearings now what might be done about this. After the last discussion in February, not only did I get those approaches from the members of the public but also I received direct approaches, I think, from the two staff members who had not specifically made any claims about the 2005 vaccine in terms of a Comcare claim or anything formal. So, by the end of those first few weeks after the last hearing, I had six cases that might be related to the 2005 vaccine.

**Senator FAULKNER**—I hear what you say about the two members of the public. Is that as a result of publicity emanating from this Senate estimates committee?

**Ms Penfold**—Yes.

**Senator FAULKNER**—There we are. I am sure you would be pleased, Chair, that we are performing a very useful function. Are those two members of the public here in Canberra?

**Ms Penfold**—No, not in Canberra. I think both of them are in New South Wales.

**Senator FAULKNER**—Are you able to say whether they are close to the environs of Canberra?

**Ms Penfold**—Off the top of my head—I do not have their addresses, but I think they are closer to Sydney than to here.

**Senator FAULKNER**—So we have the two members of the public, the two staff members who were identified, though not by name, previously at Senate estimates committee hearings where we heard some detail—and I do not want to go back over that—of their medical conditions, and then possibly an additional two staff members.

**Ms Penfold**—We have two others who may have had significant reactions to the vaccine. At the moment I cannot put anything more on it other than a time relationship—that is, symptoms developed in the weeks after the flu vaccine was given.

**Senator FAULKNER**—So these are all issues relating however, you are satisfied, from the 2005 influenza vaccine—whether it is the same batch or not we do not know.

**Ms Penfold**—That is right.

**Senator FAULKNER**—The issue in your mind and the reason for going to Health Services Australia is that this might be—and I am going to use my terminology; correct me if I am wrong—a statistically significant number of cases or possible cases. Is that the concern?

**Ms Penfold**—The concern is that those numbers are different from previous years. We have had no reports of significant reactions. You always get a couple of minor reactions, such as a site bruise or a fever for a day or so; you always get those. But we had nothing from the 2004 vaccines, nothing from the 2006 vaccines and so far nothing from the 2007 ones—although it is probably a bit early to make those comments. But we have this apparent cluster from the 2005 ones. I do not know how many flu vaccines are given each year in Australia. I know that we give somewhere between 500 and 600 in this building, but I do not know whether that six is significant.

**Senator FAULKNER**—I accept that. I would not expect you to know that, but that is the reason.

**Ms Penfold**—It is enough to write a letter.

**Senator FAULKNER**—Yes, that is the reason you are going to Health Services Australia about it.

**Ms Penfold**—Yes, and I am going to Health Services Australia specifically because they were the ones who provided the vaccines to us.

**Senator FAULKNER**—Yes.

**Ms Penfold**—Or provided the vaccine in Parliament House.

**Senator FAULKNER**—With the two members of the public who contacted you as a result of publicity about this issue from a previous Senate estimates hearing, are you able to say what the nature of their medical reaction was—their medical condition, if you like?

**Ms Penfold**—I think both of them had Guillain-Barre syndrome.

**Senator FAULKNER**—Have you made a decision to ask Health Services Australia for that review, or is that just action pending at this stage?

**Ms Penfold**—No, no; I have made the decision. As I said, I got the last consent to provide medical information from a staff member this morning, and there will then be a little bit of paperwork to be done in terms of pulling together the medical information. I was not going to ask my personnel staff to pull together all that information if we were not going to get consent to hand it over anyway. So there is a little bit of work to be done on that; and in the case of one of the staff members, as I said, she has asked to see that information before it goes and so I will have to arrange to show that to her and get that sorted out. With the two members of the public, I replied to the second one and said, 'I'm planning to put all this to Health Services Australia,' and so I am treating that one as a consent also—not that I have any details about the medical stuff. But with the first one, because at that stage I had not received all the other information, I simply said to her I would put this on file in case it became relevant; so I have



written back to her asking for consent. If I do not hear from her, what I will do is just mention 'a further member of the public' rather than actually giving any names and identity details for that one, and then, if I get consent back from her later on, I will enter that into the bundle. So there are bits and pieces of clerical work to be done which will probably take the rest of this week and then that will go to Health Services Australia.

**Senator FAULKNER**—In this situation, with two members of the public and four members of DPS staff affected by the 2005 vaccine, it seems to me that, with that pattern now having emerged—and I suspect it has emerged because of the publicity from this issue being canvassed at estimates hearings—could I ask you, Mr President, whether it is your intention also to take a personal interest in this? The situation is that the original two DPS employees, another two DPS employees and now two members of the public believe they have been affected by this 2005 vaccine. This is starting to develop into a much more concerning picture than when I originally started to ask questions about this. I believe that the action the secretary has taken or is proposing to take in going to Health Services Australia is appropriate in these circumstances but I also think it is something that you ought to take a personal interest and involvement in too, Mr President.

**The PRESIDENT**—I hope that the secretary brings to our attention any reply she gets from Health Services Australia. I can tell you, Senator, that I actually used the services here for a flu injection and, so far, I have not had any reaction, so I am one of the lucky ones.

**Senator FAULKNER**—I am particularly surprised by that. I used it this year too, and the previous years when it became available to members and senators after the payment of the cost of the vaccination at the Parliament Shop. We are okay, but that is not the issue. It is the six people who are not okay.

**The PRESIDENT**—The Presiding Officers will continue to monitor that situation.

**Senator FAULKNER**—That is all I am asking.

**The PRESIDENT**—We will.

**Senator FAULKNER**—I think it is of sufficient concern for you to take a personal interest in it. I want to ask now about another issue, please. It relates to the chairs in the cabinet suite. How are we going with the 36 high-back leather executive chairs for the cabinet room and the 28 low-back chairs for the adjoining cabinet committee room.

**Ms Penfold**—The chairs were installed in February.

**Senator FAULKNER**—What were the costs of those chairs?

**Ms Penfold**—The costs were \$103,860 for 36 high-back executive chairs, which works out at \$2,885 each. There were 28 low-back executive chairs at \$2,707 each, totalling \$75,796.

**Senator FAULKNER**—Was there any other expenditure there?

**Ms Penfold**—I think those figures did not include the design work—

**Senator FAULKNER**—I do not think they did either.

**Ms Penfold**—which cost us \$18,093.

**Senator FAULKNER**—That is obviously the better part of \$200,000. Do you have a total figure for those chairs plus the design work? It is pushing \$200,000. They would want to be comfortable.

**Ms Penfold**—It is just under \$200,000.

**Senator FAULKNER**—You do not have a total?

**Ms Penfold**—I am working it out for you now.

**Senator FAULKNER**—Thank you very much.

**Ms Penfold**—It comes to, according to my maths, \$197,749 for the chairs and the design work.

**Senator FAULKNER**—The chairs and design work for the cabinet room come to over \$197,000. Was there a special chair for the Prime Minister? Does he get a higher backed chair?

**Ms Penfold**—Not according to these figures and not according to any of the design work that I have seen.

**Senator FAULKNER**—Does that include the sheepskin covers on the chairs?

**Ms Penfold**—The new chairs do not have sheepskin covers.

**Senator FAULKNER**—So we have ditched the sheep, have we? Have they got any covers at all?

**Ms Penfold**—The new chairs do not have sheepskin covers; they are leather.

**Senator FAULKNER**—So there is no cover on the new chairs. Okay. What happened to the old chairs?

**The PRESIDENT**—Do you mean the ones that were destroyed by the flood two years ago when a pipe burst?

**Senator FAULKNER**—They were not destroyed by the flood.

**Ms Penfold**—A lot of them were damaged.

**Senator FAULKNER**—There were chairs around the cabinet table that Mr Howard and his friend Mr Costello and other people were sitting on for ages. That is between running up and down in Parliament House.

**Ms Penfold**—I am sorry. We did have replacement chairs in there while the sheepskin chairs were being carried away.

**Senator FAULKNER**—What happened to the sheepskin chairs? Did you flog them? Where are they now?

**Mr Nakkan**—They were disposed of.

**Senator FAULKNER**—They were disposed of? What does that actually mean? Did you take them out to the local tip or did you try to flog them?

**Mr Nakkan**—No, we did not sell them or reuse them. I think we retained a couple from a design point of view.

**Senator FAULKNER**—So they went straight out of the cabinet room to the tip?

**Mr Nakkan**—Effectively, yes.

**Senator WONG**—What does ‘effectively’ mean?

**Mr Nakkan**—They probably would have been disassembled and possibly recycled.

**Senator FAULKNER**—No-one thought to take them to the Smith Family or St Vincent de Paul or something? That would have been a good idea, wouldn't it? They are pretty good chairs. Many years ago I used to sit in them myself. They were very comfortable.

**Mr Nakkan**—They were at the end of their useful working life. A lot of the mechanisms were close to failure.

**Senator FAULKNER**—Close to failure but not failed?

**Mr Nakkan**—No.

**Ms Penfold**—Thirty-three of them were accepted by Comcover as damaged beyond repair in the flood, which means, to add to the figures we discussed earlier, that we will get from Comcover a figure of \$94,315 as part of the cost of those chairs.

**Senator FAULKNER**—As part of the cabinet room springing a leak.

**Ms Penfold**—Part of the replacement.

**Senator FAULKNER**—How old were the chairs that were replaced?

**Mr Nakkan**—They were original chairs—so 1988.

**Ms Penfold**—Getting on for 20 years.

**Senator FAULKNER**—Where they physically ended up is what I would like to know.

**Mr Nakkan**—I do not have that information at hand but I will find out.

**Senator FAULKNER**—Literally, they have gone straight out of the cabinet room to the tip. That is basically what you are saying?

**Mr Nakkan**—Yes.

**Senator FAULKNER**—Is that what you normally do with furniture from the cabinet room—just send it to the tip?

**Mr Nakkan**—In general—and it does not happen very often—any furniture that is replaced—that type of commissioned furniture—would be disposed of in that nature.

**Senator FAULKNER**—And you have kept a couple of samples for historic purposes, as museum pieces?

**Mr Nakkan**—That is where they may end up, yes.

**Senator FAULKNER**—Sorry?

**Mr Nakkan**—They could end up in a museum.

**Senator FAULKNER**—It is better than ending up on the tip, which is where you put the rest of them. I find that incredible. What other refurbishment have you done in the cabinet

offices and the Prime Minister's office? Anything else? I suppose there would not be because it is an election year.

**Ms Penfold**—The figure for maintenance in the cabinet suite, apart from work that is still related to the flood, in the period since January 2007 is \$1,284.

**Senator FAULKNER**—What was that for? That is in the cabinet suite?

**Ms Penfold**—That is in the cabinet suite. I would have to get someone to find out that.

**Mr Nakkan**—Routine maintenance, condition of the timbers, cleaning—that kind of work.

**Senator FAULKNER**—Fair enough. There was nothing in the Prime Minister's office, I suppose, because it is an election year. Could you just double-check that?

**Ms Penfold**—There has been some work done in the Prime Minister's office.

**Senator FAULKNER**—What would that have been?

**Ms Penfold**—We have a total figure of \$8,589, again since 6 January. Most of that, I think, is scheduled preventative maintenance—

**Mr Nakkan**—Yes, that is correct.

**Ms Penfold**—and connection of a new exhaust fan for the kitchen for \$176.

**Senator FAULKNER**—So the major expenditure of the \$197,749 was on the new chairs. Are they comfortable? Did anyone test them out?

**Ms Penfold**—I do not know that I have ever sat in them.

**Mr Nakkan**—They are effectively the same as these chairs. The low-back chairs are identical, and the only difference with the cabinet room chairs is that they have a high back.

**Senator FAULKNER**—Is it comparable to the price of the chairs that you are sitting on?

**Mr Nakkan**—Yes.

**Senator FAULKNER**—You do not have any spare chairs like this lying around the building? I suppose you would not if they just go straight to the tip.

**Ms Penfold**—I could add to that. I have just been handed a note that says we do still have some of the chairs—I would imagine the ones that did not sustain flood damage—at our Queanbeyan store.

**Senator FAULKNER**—So they have not gone to the tip?

**Ms Penfold**—Some of them have not gone to the tip. We will get you an exact number.

**Senator FAULKNER**—Thanks a lot.

**Mr Kenny**—On the issue of spare chairs, I believe that we did have some of these sorts of chairs borrowed from the Department of the Senate that were used in the interim until the new chairs were acquired earlier this year. Also, I think you asked about expenditure in the Prime Minister's suite. Ms Penfold has given you a number on maintenance. In addition, we looked at doing some work within the office which cost a total of \$7,120. It was for some office expansion. That activity did not proceed. But as we—

**Senator FAULKNER**—That was \$7,000 spent on the Prime Minister's office for nothing?

**Mr Kenny**—No. That was \$7,000 for design work and then, when the final quotation was available, the decision was to not proceed.

**Senator FAULKNER**—So it was \$7,000-odd for nothing?

**Mr Kenny**—That work identified some fire compliance issues. We then proceeded to relocate some smoke detectors and install some sprinklers at a total cost of \$4,000.

**Senator FAULKNER**—How is the Prime Minister's new dining room going? Can you help us with that?

**Ms Penfold**—There is design work going on for the Prime Minister's dining room.

**Senator FAULKNER**—Why wasn't that included in your earlier answer?

**Ms Penfold**—Because that is not maintenance work. No work has actually been done in the—

**Senator FAULKNER**—I did not ask for maintenance work. You just chose to answer the question with maintenance work only.

**Ms Penfold**—I think you asked about work in the cabinet suite or the Prime Minister's suite. We have not done—

**Senator FAULKNER**—Then what design work is going on?

**Mr Kenny**—Whilst Hilary is getting those numbers, in addition we have done some further minor refurbishment in the Prime Minister's office related to changing some cupboards and associated make-good. That was done at a total cost of \$7,003.

**Senator FAULKNER**—What was the change in the cupboard for? What cupboard? Why was it changed?

**Mr Kenny**—It was requested by the Prime Minister's office.

**Senator FAULKNER**—Just because it is requested, you just automatically fall over yourselves and do it or do you ask why?

**Mr Kenny**—No. We look at—

**Senator FAULKNER**—Where was it—in the Prime Minister's suite, the physical office or outside?

**Mr Kenny**—It was in the Prime Minister's office suite. I do not know what you are asking about specifically.

**Senator FAULKNER**—Is it in his private office?

**Mr Kenny**—I do not believe so.

**Senator FAULKNER**—Do we know what it was for?

**Mr Kenny**—It related to creating an additional workstation within an office area.

**Senator FAULKNER**—Thank you for that. Ms Penfold, what is the design work with Mr Howard's private dining room looking like?

**Ms Penfold**—Earlier this month the architect who is working on this engaged mechanical, electrical and fire subconsultants and completed an investigation of alternative lighting proposals—

**Senator FAULKNER**—Is the architect an in-house architect?

**Ms Penfold**—No. I will not call her an ‘outhouse’ architect! Elliott Architects—

**Senator FAULKNER**—No, you would not do that.

**Ms Penfold**—I thought I would leave that to you!

**Senator FAULKNER**—No, I would not do that either. I am not like that.

**Ms Penfold**—I am not sure whether all of the consultants or some of them inspected the site on 2 May. We were provided with some cost information on 14 May.

**Senator FAULKNER**—Thank you. Can you tell me what the Prime Minister’s dining room costs are as of 14 May?

**Ms Penfold**—I do not have a figure for the design work at the moment. We have had no bill from the architect.

**Senator FAULKNER**—On what terms is the architect engaged?

**Mr Bray**—The architects are on a normal engagement where it is basically paid as the progress of work is achieved. When she finishes the next current phase then she will put in a claim for that phase of the work.

**Senator FAULKNER**—Has she put in claims for any phase of the work yet?

**Mr Bray**—No, because we are still working in the schematic design phase of the project.

**Senator FAULKNER**—Schematic design? So you have engaged an architect. Was that an open tender process?

**Mr Bray**—No, it was a select tender process in the end.

**Senator FAULKNER**—Right. What are the financial arrangements in relation to the contract that was let with this particular architect?

**Mr Bray**—They are paid progressively on completion of each phase of their engagement. So when they finish—

**Senator FAULKNER**—But it would not be an open book, would it?

**Mr Bray**—No. They tender to do each phase.

**Senator FAULKNER**—What are the contractual terms for this architect?

**Senator WONG**—What is the total of the cost?

**Mr Bray**—I think for the total engagement it is around \$40,000.

**Senator FAULKNER**—Right, so it is \$40,000 for the architect for the Prime Minister’s dining room. What about the mechanical consultant for the Prime Minister’s dining room?

**Mr Bray**—I do not have those figures with me right now but I can find out.

**Senator FAULKNER**—I would appreciate that. What about the fire consultant for the Prime Minister's dining room?

**Mr Bray**—I will need to get the figures for all three of them—fire, electrical and mechanical.

**Senator FAULKNER**—And electrical?

**Mr Bray**—Yes.

**Senator FAULKNER**—Right. What is the budget for the Prime Minister's dining room?

**Ms Penfold**—We do not have a formal budget at the moment because we do not have a building project. We are engaged in design work.

**Senator FAULKNER**—So you are spending an awful lot of money with no budget in mind in building this private dining room in the Prime Minister's office?

**Mr Bray**—When we finish the schematic design, we will engage quantity surveyors to do a detailed estimate of the cost.

**Senator FAULKNER**—Quantitative surveyors—right. That is another one that you are going to engage. Let us find out what the arrangements are for the mechanical consultant, the fire consultant, the electrical consultant, the architect and the quantitative surveyors for the Prime Minister's dining room.

**Mr Bray**—Once they give us a detailed estimate of the cost, that is a reliable figure that we can then take that back to our client and see whether they want to proceed with the project or not.

**Senator FAULKNER**—Who is the client in this instance?

**Mr Bray**—The Prime Minister's parliamentary staff.

**Senator FAULKNER**—Are you seriously suggesting that all of this money might be spent on these consultants and no work proceed at all? You are kidding, aren't you?

**Mr Bray**—No, this is the nature of how you do building work. You have to do design work to a certain stage before you can progress with the project.

**Senator FAULKNER**—But the Prime Minister has requested this dining room, hasn't he?

**Ms Penfold**—Someone from the Prime Minister's office has requested that we look at options for changing the use of that dining room. That is what we are still in the process of doing. We are working out design options.

**Senator FAULKNER**—It is ludicrous to suggest that the Prime Minister has not required this work to be undertaken. There is no need to—

**Ms Penfold**—I was not suggesting that at all, Senator.

**Senator FAULKNER**—No, and I do not want it suggested. We know that the Prime Minister wants to have his own private dining room tucked away there in the Prime Minister's office. We know that.

**Ms Penfold**—Senator, there is already a dining room in the Prime Minister's suite.

**Senator FAULKNER**—A new one.

**Ms Penfold**—No, there has been one since the beginning of the building.

**Senator FAULKNER**—I am saying that he wants a new one.

**The PRESIDENT**—No, you heard just before in evidence that the reason is to knock out a wall and make the room larger so that it is usable. Currently, if the Prime Minister needs to have a dinner for any number of people, they have to use trestle tables. Whoever the Prime Minister of this country is, they surely deserve a usable meeting or dining room. The matter has been brought to this committee before. You have heard the evidence on it before. It is a work in progress, hopefully, if they ever get around to doing it.

**Senator FAULKNER**—Yes, but what I want to know is how much the Prime Minister's new dining room is going to cost.

**The PRESIDENT**—I do not know that figure yet. The secretary might know, but I do not.

**Senator FAULKNER**—Let us be clear here. There is the capacity for these sorts of dinners to take place in the Lodge or the parliamentary dining room. There are all sorts of options. The whole idea originally, as I understood it, of that small dining room in the Prime Minister's office was that it was a small dining room. It was not just to suit the convenience of the Prime Minister because he could not be bothered to go back to the Lodge for dinner or whatever. Let's not be silly about this. We all know that it has worked perfectly adequately since the building has been in operation. All I want to know is how much it has cost. Over the lunchtime break Mr Bray will be able to find that out. Thank you.

**Senator MURRAY**—Could I return to energy please, Ms Penfold. Can you update us on where we are with an energy audit and improving energy efficiencies in the building?

**Ms Barrett**—We are currently in the process of preparing an energy strategy for Parliament House. It is almost at finalisation stage. One of the major outcomes from that strategy will be to conduct a full energy audit in Parliament House. In fact, although we have not yet finalised the strategy or had it approved, I do have on my desk a proposal to engage a consultant to conduct a full audit.

**Senator MURRAY**—Would the strategy include a time line—in other words, when it would be finished and when it would start to be implemented?

**Ms Barrett**—They are probably the things that we are talking about. The main objective of the energy strategy is going to be to ensure reliability of the energy systems in Parliament House. We need to then make sure that we are using energy as effectively as we can throughout Parliament House. Then we need to look at what impact that has on greenhouse gas emissions and how close to being greenhouse neutral we can make Parliament House. Those are the things that we are still deciding on in terms of time frames and targets and so on. With regard to the energy audit, if we get approval to proceed with it very early in the new financial year or at the very end of this financial year, I think I have a note on how long it is likely to take. It is about four months, I believe. This draft statement of requirements is proposing that we would get the draft report on the energy audit within four months.

**Senator MURRAY**—Quite properly, DPS and the various departments have not delayed with obvious energy savings. For instance, already all of the computers have been converted so that they are switched off and not put on standby when people are not here. There are



things of that kind going on. Are there any other things that you are doing to save energy—in any case, before this process begins?

**Ms Barrett**—We will be looking at whatever we can to save energy. One of the things we do in terms of our environmental management is to encourage building occupants not to waste energy. Earlier this year, we sent a circular on energy savings to building occupants, and we will continue to look at those sorts of issues. It suggested that people keep their lights off and turn their printers off—it was particularly in relation to office power. In the next couple of years we will be in the situation where we will have to replace all our energy systems because they are about to reach the end of their useful life. We have done some investigations into what sorts of energy systems should replace the existing ones because it is unlikely we will be replacing like with like. We need to establish exactly what we are trying to achieve before we rush off and start replacing individual parts.

**Senator MURRAY**—Does this process take into account the government's announcement to phase out inefficient light bulbs, for instance, and those sorts of things?

**Ms Barrett**—Those are the sorts of things we are going to look at. Generally, we have tended to do these things when other things have needed to be done, for instance when suites need to be refurbished—again, around the 20-year time frame since Parliament House first started operating. We will need to look seriously, when we have done the energy audit, at whether we bring some of those things forward.

**Senator MURRAY**—With respect to common-sense energy saving, I am sure there are times when members and senators, for instance, run out of their offices to catch a flight and leave lights on. Are your cleaning staff and others who go into offices instructed to switch off lights and check that everything is off?

**Ms Barrett**—I am not sure about that. I would have to check with facilities. I am aware that Senate and, I think, House of Representatives staff make sure, certainly at the end of parliamentary sitting periods and so on, that those things are done. I will check to find out what general instructions there are.

**Senator MURRAY**—As I understand it, cleaning services fall under DPS.

**Ms Barrett**—Yes.

**Senator MURRAY**—I will give you an instance from my own observation—and it may be common to other senators and members. Every time I return to my office after a long period of absence during an up period, I find my bathroom light on. I think what happens—and I am not complaining about the cleaners—is that after they clean the bathroom, they go out the door and the door closes, and they switch off everything else and forget the bathroom light. That is the sort of training and instruction I would have thought could contribute to helping save energy.

**Ms Barrett**—Yes, I agree. Often it is simple things like that that can make quite a significant difference. I will certainly follow that up.

**Senator MURRAY**—I will move to water. Could you update us as to where our water savings plans are? I heard Ms Penfold earlier indicate that the air-conditioning changes were

primarily a water-saving measure, not an energy-saving measure, although I would assume there would be some energy savings.

**Ms Penfold**—There are certainly energy savings out of that—though relatively less substantial in our overall energy use than the water savings were in our overall water use, it was certainly water that started us looking at that. There were some savings shown through the trial, so we would hope to get savings during summer.

**Senator MURRAY**—One of the reasons I want to bracket the two together—air conditioning is obviously a good example—is that I think a water audit would accompany an energy audit. If the consequence of an energy audit is to bring forward the refurbishment of suites because you have to reconfigure the energy, that is the time to reconfigure plumbing. For instance, dual flush toilets are more efficient and would save water in bathrooms. Is that what you have in mind?

**Ms Penfold**—We will be keeping an overview on all of these things so that when we do substantial projects we are looking at water, energy and relevant things like waste management. For instance, we are currently doing a project to refurbish several of the toilet blocks in the public areas of the building, which will include dual flush toilets and sensor taps. I think we are also doing light changes. The projects are put together in a way that any opportunities for saving energy, water or whatever in a renovation are looked at.

**Senator MURRAY**—So you have an integrated program; it is not in isolation. There are not people looking just at energy or just at water and not connecting the two.

**Ms Penfold**—No. The same people should be looking at both.

**Senator MURRAY**—Should be or are?

**Ms Penfold**—They are the same people. We have a further integrated process of financial approval. These projects have to be approved and spending the money has to be approved by the finance committee, which is the very senior executive of the department. We have taken a role in not only the money side of it but also the more strategic side of it. When a project comes to us—and this happened recently with the public toilet refurbishments—the finance committee will look fairly carefully at that and ask if it covers all the places we are heading in terms of environmental impact.

**Senator MURRAY**—Is there a sense of urgency about this? It is not one of these slow burners, is it?

**Ms Penfold**—There is a sense of urgency, tempered by the fact that there is a sense of urgency with just about everything we do and we have limited resources to do them.

**Senator MURRAY**—Yes, but you would appreciate that the parliament is a national symbol in many ways and would be seen as needing to set an example to Australia. The government is saying that we have to be serious about water and energy, and the community feels that. It is an area of great concern. I want to be satisfied that your department has that sense of urgency.

**Ms Penfold**—We have a sense of urgency about a whole lot of the things we do; that is clearly one of them. Water is, perhaps, the most dramatic one for which we have a sense of urgency, as does the rest of Canberra at the moment, I imagine. We have a branch whose role

is to deliver these sorts of projects. They also deliver projects that include, for instance, the new printer tender, and they will be delivering the childcare centre when that gets moving. They have delivered the taxi rank arrangements, noting that they may not have worked as well as we hoped. We have to prioritise. Energy and water savings are high on our priority list if only because every time we save some water or energy we can expect to save some money as well. But I cannot say to you at this stage that these are the No. 1 priorities at every point. Sometimes it is security, sometimes childcare or whatever, but they are seen as a priority.

**Senator MURRAY**—I do not want a project that goes on for five or ten years, that is all. I am thinking of a short time frame.

**Ms Penfold**—You could not go through this building and redo all the toilets and bathrooms and so on all at once. We have to do that in a staged process, and once we are moving into members' and senators' suites, the staging becomes even more complicated.

**Senator MURRAY**—I turn to a couple of issues dealing with the library. First is the *Bills Digest*. Following the last estimates hearings I got an answer from the Clerk of the Senate which indicated a much shorter period than used to apply between reports from the legislation committees coming out and bills being debated. *Bills Digests* are heavily used by senators and members and ideally should benefit from the inputs that come from committee reports. I want to know if that shorter period between committee reports coming out and *Bills Digests* being produced, and the shorter period with which bills are being pushed at the parliament, is causing a problem for the production of *Bills Digests*, both in terms of physically producing them and in their being sufficiently comprehensive.

**Ms Missingham**—With respect to *Bills Digests*, in the 20 years that we have been doing surveys of our clients, issues of timeliness have been raised with us. This has not been the only year in which we have had significant pressures in turnaround time. However, it has been a significant issue for us this year. We have looked at the whole of our *Bills Digest* process to see if we could make it smoother. We will be running a clinic on *Bills Digest* developments and we have also developed a paper. I might hand over to the Assistant Secretary of the Research Branch for a little more information.

**Dr Romeyn**—We certainly have found that there have been significant pressures in the *Bills Digest* area over recent times. In the third quarter of 2006-07 we finalised 64 *Digests*, which is more than over the last couple of years for any quarter. We have produced nearly as many *Digests* so far this year as were produced in the previous year, and significantly more than the previous year to date. We have had to prioritise *Digests*. There have been some that we have been unable to produce, and some that we have also produced late. That has been because of both the significant numbers of bills going through the parliament and the shorter turnaround time in some cases, which just has not given us enough time to prepare the *Digest*.

**Senator MURRAY**—Sometimes the committee process and the presentation of bills in the Senate is done rapidly, and then the bills, for some reason or another, do not actually reach the floor of the chamber. Are you noting circumstances where those who create the *Digest* are aware that they have been rushed, that perhaps they could be more comprehensive, and that they have considered the process of reissuing *Digests* later on, where you have thought they might benefit from that? I am not suggesting it should be the case in every circumstance.

**Dr Romeyn**—We do that where we are not able to produce a *Digest* in time for the debate. We do provide materials to parliamentary clients who express an interest in those issues, so we may issue a draft *Digest* or other briefing material. In addition, we have ensured that, where we think there is continuing parliamentary interest in a particular issue, we will complete a *Digest*, even though we have missed the debates.

**Senator MURRAY**—You obviously understand the problem I am raising. Do you think that you are on top of it?

**Dr Romeyn**—We are on top of it insofar as we have an established process and procedure for prioritising bills. We give priority to bills in which we anticipate parliamentary interest, where the bills are complex or where we think the explanatory memorandum is not adequate. We are also in some cases able to prioritise bills. For example, where there is a suite of bills we will give priority to the parent bill rather than to bills that might involve more technical, subsidiary aspects of the issue. That is about the best we can do at the moment with the number of bills and the speed with which they are going through.

**Senator MURRAY**—Do you propose to automatically reissue *Bills Digests* where a committee report has come out after a *Digest* has been produced? Now and again a *Digest* is produced, a committee reports and the *Digest* does not reflect the information that is available from the committee report.

**Ms Missingham**—I think that would be something that we would do only if the issue were to re-emerge in the parliament. Our challenge is just keeping up with the current workload.

**Senator MURRAY**—I understand that. Could I ask you to look at that possibility. Quite often committees throw up insights which were not available to the people who looked at the bill in the first place.

**Ms Missingham**—Yes.

**Senator MURRAY**—The other brief thing I want to comment on and ask about is the *Hansard* indexes. Information is reaching my ears that this is going very well and in fact the indexes are not only back but back in a much better format and in a far better presentation. Is my information right?

**Ms Missingham**—It is indeed. A lot of work has been done on the *Hansard* indexes. We have the final indexes for the first part of 2004 and we have the draft indexes for 2005 and 2006, and they offer a significant improvement over the previous indexes in terms of formatting and also in terms of content. The biggest change in content is that in the previous subject index, when a topic was discussed as a speech under the headings ‘adjournment’, ‘grievance debate’, ‘matter of public interest’, ‘statements by members’, ‘matter of urgency’ or ‘authority to administer oath’, it only appeared under that section. Under the new system, if it is about water, you will be able to look under W for water and find material no matter which part of the debate it was in, which is a significant improvement. We hope to have the QA process completed within the next fortnight for the drafts and to have the new indexes to Canprint and then out to all of the users and subscribers to the debates by the end of June.

**Senator MURRAY**—Thank you for taking the committee’s concerns to heart. Thank you very much.

**CHAIR**—Thank you, Senator Murray. Ms Penfold, do you wish to add to some earlier evidence?

**Ms Penfold**—I will get Mr Kenny first to add to something.

**Mr Kenny**—On an answer given earlier on visitor numbers, Chair, I have been advised by Karen Griffith that the figure of 752,762 visitors given earlier is for this financial year, not this calendar year. So those numbers are since July of last year. Also that figure is for the people who have walked through the metal detectors, so people who are not visitors but are in fact people who work here and elect to come in that way will be in that number. On the other hand, visitors who come in through one of the other entrances, having been signed in, will not be included in this number.

**CHAIR**—Thank you, Mr Kenny.

**Ms Penfold**—There is one other comment about the disposal of the old cabinet room chairs.

**Mr Nakkan**—A clarification on the disposal: those chairs still remain in our warehouse in Queanbeyan awaiting disposal to landfill.

**CHAIR**—Thank you for that. We will suspend until 10 past two, when we will resume with general questions for the Department of Parliamentary Services.

**Proceedings suspended from 1.07 pm to 2.11 pm**

**CHAIR**—We will resume with general questions to the Department of Parliamentary Services.

**Senator FAULKNER**—I was asking about the extraordinary costs of the consultants for the Prime Minister's new dining room in his office—completely unnecessary, in my view.

**The PRESIDENT**—It is not a new dining room.

**Senator FAULKNER**—It is a new dining room.

**The PRESIDENT**—A dining room was already there. It was just combining the dining room and the sitting room into one room. I believe that is the idea.

**Senator FAULKNER**—Does that involve knocking down a wall?

**The PRESIDENT**—I believe so.

**Senator FAULKNER**—I call that a new dining room; you can call it what you like. Can you please now assist us with the costs of the five consultants? I will commence by asking: are there any consultants other than the five you have identified?

**Mr Bray**—No, there are not. That is all there is.

**Senator FAULKNER**—Let us go through them individually and you can tell us what you can about the costs of these five consultants for the Prime Minister's new dining room.

**Mr Bray**—The architect is engaged for a lump sum fee of \$44,000, excluding GST. We then engaged subconsultants who were employed through the architect.

**Senator FAULKNER**—Is that included in the \$44,000?

**Mr Bray**—No, it is extra—over and above.

**Senator FAULKNER**—Of course.

**Mr Bray**—There was \$8,500.

**Senator FAULKNER**—For whom?

**Mr Bray**—That includes three consultants that come out of one consultancy firm.

**Senator FAULKNER**—This is for fire?

**Mr Bray**—For fire services, electrical engineering services and mechanical engineering services.

**Senator FAULKNER**—That cost?

**Mr Bray**—That cost is \$8,500. We have allowed an extra \$1,500 for contingency on top of that. The actual approved engagement for the architect has now increased from \$44,000 to \$54,000.

**Senator FAULKNER**—That is \$54,000 in total?

**Mr Bray**—That is right.

**Senator FAULKNER**—What about the quantitative surveyor?

**Mr Bray**—That fee was already included within the architect's \$44,000.

**Senator FAULKNER**—Why do you need a quantitative surveyor for work being done internally?

**Mr Bray**—A quantitative surveyor does the actual estimating of the cost of the work. They are professional estimators.

**Senator FAULKNER**—So that is \$54,000 for the design element of the work?

**Mr Bray**—Not completely. The architect's fee of \$44,000 is for services right through to completion of the construction work.

**Senator FAULKNER**—So design and oversight?

**Mr Bray**—That is right.

**Senator FAULKNER**—What other elements of the proposal are there, apart from the actual cost of the work itself?

**Mr Bray**—There may be furniture costs, but that is something we have not been looking at. That may come into the equation at some stage.

**Senator FAULKNER**—So fit-out?

**Mr Bray**—The actual freestanding furniture, if that becomes an issue later, but that is not included in our work.

**Senator FAULKNER**—Freestanding furniture? So this will be a new table and chairs et cetera?

**Mr Bray**—I have no idea. That has not been scoped into the project. I am just saying that sometimes furniture and fittings can come into the project at a later stage.

**Senator FAULKNER**—So furniture and fittings are not in the project?

**Mr Bray**—No.

**Senator FAULKNER**—With respect to the figures which no-one seemed to worry about at the time, although I thought they were very high figures, you will recall the tabled document of 13 February 2006: ‘Prime Minister’s suite alterations budget estimate, rates current at September 2005’. There was a scheme A and a scheme B.

**Mr Bray**—I have that document in front of me, yes.

**Senator FAULKNER**—What is the architect reporting on? Scheme A was replacement of mirrors, silk wall panels, paint the ceiling, lighting, replace the curtain, margins and adjustments. Has scheme A been junked?

**Mr Bray**—That document was before my time here but I understand it was scheme B that was being looked at at that stage. Probably just as a summary, this might put better clarity around the scope of the work, if you would like me to read it out.

**Senator FAULKNER**—Yes, by all means.

**Mr Bray**—It basically involves the demolition and building works to remove the wall and ceiling in the dining room, a new ceiling installed, architraves and lighting, mechanical services associated with the alterations to air conditioning, replacement of the mirror wall panels, replace the existing silk panels on the eastern wall, paint and replace the carpet, including margins and adjustments.

**Senator FAULKNER**—So let us disaggregate that. You were able to give me a figure in relation to demolition some time ago of \$19,260. What is the current demolition figure?

**Mr Bray**—As yet I do not have any actual break-up of those estimates. This is an estimate based on a rough total, at the time soon after completing the service by the architect. I do not have a break-up of those figures.

**Senator FAULKNER**—Hang on; those figures were provided on 13 February 2006. It is now some 15 months later.

**Ms Penfold**—These figures were provided before the current design work started, by a different group of architects. That was an earlier exercise in quantity surveying for a very general set of projects.

**Senator FAULKNER**—A different group of architects?

**Ms Penfold**—Yes.

**Senator FAULKNER**—And that work did not proceed?

**Ms Penfold**—When we decided that we would go the next step, we went back to our architects panel to do a select tender for the more detailed design work, and those architects did not tender at that point.

**Senator FAULKNER**—How much did the previous group of architects cost? The current one costs \$54,000. What did the previous group cost?

**Mr Bray**—The total fee of the company that carried out that work was \$11,765.

**Senator FAULKNER**—What other expenditure has already been incurred, if any?

**Mr Bray**—No other expenditures; that is the total.

**Senator FAULKNER**—So there is the cost of the previous architects of \$11,765 and the current architects and consultants budget of \$54,000.

**Mr Bray**—That is right.

**Senator FAULKNER**—What is the budget for the alterations to the Prime Minister's suite for the dining room?

**Ms Penfold**—There is no approved budget at the moment. When we have a set of designs, a proposal and a detailed cost estimate, that will go through the normal departmental finance committee approval process. If that is approved then the budget will effectively be the estimated costs. But until we know those estimated costs we can't have a budget.

**Senator WONG**—Where will the costs to date be paid from?

**Mr Bray**—We have requested and received allocations of funding for our consultants through the finance committee progressively.

**Senator WONG**—Are the figures you have given us the totality of the funds requested?

**Mr Bray**—Yes.

**Senator WONG**—So the \$11,765 plus the \$54,000?

**Mr Bray**—Yes, that is right.

**Senator WONG**—Where is that being appropriated from?

**Ms Penfold**—It comes out of our administered funding, which is for refurbishment, renovation, change of use across the building.

**Senator FAULKNER**—Some 15 months ago you were able to say that the scheme cost \$109,700 plus \$205,000—is that right?

**Ms Penfold**—Some months ago, we had, as you see in front of you, this very general, brief and rough estimate for three possible approaches. As you can see, they are very rough costings.

**Senator FAULKNER**—Were they three separate approaches or was the sitting-dining room \$205,000—whatever that means? Was that figure to be added to scheme A or scheme B?

**Ms Penfold**—My feeling is—

**Senator WONG**—Feeling?

**Senator FAULKNER**—No feelings, please; we do not have any feelings.

**Ms Penfold**—I know you do not like feelings, Senator.

**Senator FAULKNER**—We do not have feelings at this committee.

**Senator WONG**—He is all right with feelings; just not in Senate estimates.

**Senator FAULKNER**—Some people have feelings, Senator Wong, but others do not have any feelings left. They have all been knocked out of them.

**Ms Penfold**—We will forget my feelings, such as they are left. My recollection is that the third item on this sheet was a separate set of work rather than on top of either of the other two.



**Senator FAULKNER**—There were three options described at that time as scheme A at \$88,900, scheme B at \$109,700 and the sitting-dining room at \$205,000. What I am now being told is that, even though some \$65,765 has been or is being spent—

**Ms Penfold**—Has been approved. Some of it has been spent; some of it has been approved.

**Senator FAULKNER**—Some of it has been spent; some of it has been approved to be spent on design work. Nobody can say what the broad approach is in terms of a budget for this particular work, even though 15 months ago three quite specific proposals were costed. You see, it beggars belief.

**Ms Penfold**—Senator, they were not specific proposals; they were pretty much as set out on this piece of paper very general proposals, very round figures for estimates. We do not yet have a set of plans, a set of designs, to which we can apply the proper detailed quantity surveying work so that we will get a serious price for this project.

**Senator FAULKNER**—It beggars belief that we have got a situation where \$65,765 has been allocated or spent on consultant fees for this work but no-one can tell me what work is being planned. Is there no budget for the refurbishment of the dining room in the Prime Minister's suite? What the hell guidance was given to the architects and the five consultants that have been employed? No guidance at all, no parameters provided.

**Ms Penfold**—The guidance was not financial; the guidance was in terms of outcomes for the redesign.

**Senator WONG**—So there is no limit on the expenditure?

**Ms Penfold**—There is no approval for the expenditure yet.

**Senator WONG**—You have already at least approved or spent \$65,700 and you are telling me that none of that has been approved.

**Ms Penfold**—I am telling you all of that has been approved.

**Senator WONG**—So how much has been approved for the architects to spend?

**Ms Penfold**—Nothing has been approved—sorry, within that \$65,000—

**Senator WONG**—At least \$44,000 plus \$11,765.

**Ms Penfold**—For two different architects, yes.

**Senator WONG**—By the way, why did the architect change? Did you ask that, Senator Faulkner?

**Ms Penfold**—I did just explain that but I am happy to do it again.

**Senator WONG**—I am sorry; I was distracted by Senator Evans's arrival. He is back.

**Ms Penfold**—We got this first estimate and very rough plans from one architect. We then went out to our panel of architects to do a select tender for the serious design work, which was going to cost more than the \$11,000-odd. That took us up into where the Commonwealth procurement guidelines require us to do a select tender. We went to our panel of architects. The original architect did not put in a tender for the second part of the work.

**Senator FAULKNER**—We understand that but we also understand that five times the amount of money that had been spent on the original architect—originally \$11,765; now an additional \$54,000—was approved for the newer architect and consultants' expenditure, and we are being told at this estimates committee that basically there is no guidance or parameters having been provided to these architects about the refurbishment work in the Prime Minister's office. I do not know whether that is—

**Ms Penfold**—No. There are no financial guidelines.

**Senator FAULKNER**—one of the most preposterous situations imaginable or whether information is being deliberately withheld because it is embarrassing to the Prime Minister. I am just trying to get to the bottom of this. What guidance was given to these consultants?

**Ms Penfold**—The guidance was in terms of the outcomes desire.

**Senator FAULKNER**—What meetings have you been involved in, Mr Kenny? Who have you been meeting with?

**Mr Kenny**—I became involved when I first saw these three schemes or schemas where it was suggested that we might do one of three things.

**Senator FAULKNER**—They are separate schemes then? You can confirm that?

**Mr Kenny**—Two of them are very similar, and the third involved, then, a more substantial amendment to the wall within the dining room. I believe that a trigger—possibly not the only trigger but certainly a trigger for this activity—was the need to do some refurbishment to some wall panels and mirrors. I do not know how this next step came to be but in the process of looking at what form that refurbishment may take, it was suggested that possibly a wider alteration might take place, that wider alteration being what we now call the removal of the wall in the dining room.

**Senator FAULKNER**—But I was told at the last round of estimates—sorry, not the last round of estimates; at the round of estimates on 13 February 2006—that this work was requested by the Prime Minister's office. Is that right or wrong? Even a name was provided.

**Mr Kenny**—I am talking about events prior to then, when I first became involved. There was some, I guess, difference of opinion within DPS as to what the right approach might be. I then was involved in discussions with the Prime Minister's office, and I think the name that we had given you previously was Terry Crane, whom I have been involved with throughout this. I do not know how many discussions I had with Terry Crane; it was not a large number. He then organised—I think it was him—a meeting with the Prime Minister's office, including some other members of the office, and Mrs Howard was at that meeting.

**Senator FAULKNER**—Mrs Howard?

**Mr Kenny**—Yes. I think the other members, from memory—I can confirm—were Mr Andrew Smith and Helen Maas, who was our design integrity officer and who had expertise in interior and architecture. As a result of that meeting, where we examined the layout and the state of the panels and had some discussions about how the room was used and references being made to trestle tables being set up, we were then asked—or we then agreed, but I think it is fair to say we were asked—to go away and do some further work on developing what options and consequently what costs there might be.

**Senator FAULKNER**—Who asked you to do that?

**Mr Kenny**—The request came out of that meeting. Precisely who asked us to do it I cannot recall, but it is fair to say that the Prime Minister's office asked us to do some further work on what the possibilities might be.

**Senator FAULKNER**—What were the differences of opinion within DPS that you referred to?

**Mr Kenny**—Without being able to recount the exact details, it would probably be fair to summarise that the differences of opinion related to what changes might be made and what things might best be kept as per the original design.

**Senator FAULKNER**—In other words, DPS were concerned about where the Prime Minister's office were trying to take them.

**Mr Kenny**—No. There was a difference of opinion within DPS.

**Senator FAULKNER**—Yes. Some were going to fall over and get rolled over by the Prime Minister and others thought: 'No, we'll stand on our dig. We'll try to keep the design elements of the building intact and forget about his outrageous proposal for a bigger dining room and knocking down the walls.' We all know about Mr Smith. I always used to call him the design police. I respected his efforts to try to protect the integrity of the building. I did not always understand what he was saying to us, but that was what he was always trying to defend. That is the problem within DPS, isn't it?

**The PRESIDENT**—Chairman, the member at the table was asked a question. He answered the question and now Senator Faulkner is putting his version on it. He was not at the meeting and I think you should ask the senator and the staff member here to put it on the record.

**Senator FAULKNER**—Sorry, was Mr Kenny at the meeting? Were you at the meeting, Mr Kenny?

**Mr Kenny**—Yes, Senator, I have said that.

**Senator FAULKNER**—I can ask Mr Kenny but I cannot ask Mrs Howard and all the other people who were there. I am giving my interpretation because I want to know the background of the differences in DPS. We all know what they are. Some of DPS would roll over to the Prime Minister and some would stand up. That is the difference.

**Mr Kenny**—Senator, given that you have mentioned some names, specifically that of Mr Smith, I think I should say that the differences of opinion involved a number of views from within the department.

**Senator FAULKNER**—But you mentioned Mr Smith. You told me he was at the meeting. You told me that Mrs Howard and others were at the meeting.

**Mr Kenny**—I told you he was at the meeting. Not all the people that were at the meeting necessarily had an opinion. I am sure there was discussion within DPS that I was not part of, both before and after this, about the best way forward. I do not think we should be suggesting that an individual had a view, or a different individual had a different view. It may be correct, but I do not know that we know that for sure.

**Senator FAULKNER**—Of course the President makes the point that I was not at the meeting. Quite right; I was not at the meeting. I am merely making the point that I have yet to hear any justification for this massive refurbishment. We now have a situation where in excess of \$65,000 has been either spent or approved for expenditure for these changes to the Prime Minister's office and nobody can tell us what is planned, even though in February 2006 three schemes were provided in a tabled document to this committee. I smell a cover-up. Let's try and get to the bottom of it. What were the parameters? What was the guidance given to the architects and the other consultants on the proposed changes to the Prime Minister's dining room? Somebody tell me. You do not spend \$65,000 of taxpayers' money without any guidance to these people, surely to God! I just do not believe that.

**Ms Penfold**—There will be guidance about the desired outcomes. We will dig out the records of meetings and so on and put that together.

**Senator FAULKNER**—But what is the guidance provided to the consultants? That is what I want to know.

**Ms Penfold**—I have not been to any of those meetings, but my understanding of this from discussions with Mr Kenny and others is that, if you like, the highest level outcome is to make the current dining room and sitting room more usable and then, working down from that, there are some specific aspects to do with the uses to which those rooms might be put and providing extra flexibility in being able to use the rooms as either a larger dining area or a different sort of reception area.

**Senator FAULKNER**—It is not an issue of whether you have been to the meetings or not. I do not expect you to go to every meeting that is held in this building. All I expect is that, when the \$65,000-plus of taxpayers' money has either been spent or is approved for expenditure on changes to the Prime Minister's office—the dining room—someone is able to tell me what parameters have been given for the work, what guidance has been given to the consultants and what is expected of them. I do not think that is unreasonable.

**Ms Penfold**—I have said—

**Senator FAULKNER**—I know you cannot answer it.

**Ms Penfold**—We will dig out the papers and find you those parameters.

**Senator FAULKNER**—Was there a written brief to the architect or not?

**Mr Kenny**—There was a statement of requirement.

**Senator FAULKNER**—What is the statement of requirement? This is like getting blood out of a stone.

**Ms Penfold**—When you say 'what is it'—

**Senator FAULKNER**—What is it? What was it? What does it say?

**Ms Penfold**—I could read it out for you—

**Senator FAULKNER**—Thank you.

**Ms Penfold**—It says: 'The Prime Minister's office has expressed concerns regarding the usability of the dining and sitting rooms in the Prime Minister's suite. In particular, the

following concerns have been raised: the current appearance of the dining room due to deterioration of silk wall panelling, deterioration of the wall mirrors and low levels of light; the proportions (width versus length) are uncomfortable for dining functions; inadequate space provided by the dining room for dining functions; seating for 20 people is often required, however currently the dining room caters for a maximum of 16 people; the dining room is currently unused and temporary tables are set up in the sitting room for dining functions, requiring relocation of the sitting room furniture each time; there is a requirement for further seating in the sitting room as it is difficult to seat more than four people adequately in the sitting room with the current furniture layout; additional guests must be offered dissimilar seating, which is not desirable due to a differentiation in the status of guests which this practice implies; the table and four chairs by the sitting room window are not used by the Prime Minister; the sitting room curtains do not continue to the floor due to the removal of the previous banquette seating.' We then have a reference to the 2005 consultancy—just the fact that it happened. Then under the heading 'Outcomes' it says: 'The outcome is the preparation of tender documentation for an integrated dining and sitting room which addresses the concerns outlined in paragraph 1 while also following design integrity requirements.'

**Senator FAULKNER**—What is the date on that document, by the way?

**Ms Penfold**—It is 8 March 2006.

**Senator FAULKNER**—So an integrated dining and—

**Ms Penfold**—Sitting room. I have the rest of the outcomes—

**Senator FAULKNER**—That means knocking down the wall, doesn't it? You are integrating it and I assume—

**Ms Penfold**—If I can read the rest of the outcomes for it, it says: 'The removal of the wall between the dining and sitting rooms will allow for the flexible arrangement of seating and dining furniture according to engagements. The refurbishment to both rooms to create one integrated space: any refurbishment work should refer to the original design intent of the Prime Minister's suite, as outlined in the central reference document. Modifications to furniture layouts and fittings: the provision of additional furniture to accommodate the concerns outlined in paragraphs 1(c) and 1(d); modifications to building services as a result of the wall removal.'

**Senator FAULKNER**—That is effectively the option for a sitting-dining room, which was costed at \$205,000 in September 2005—is that right?

**Ms Penfold**—It is the same proposal—yes.

**Senator FAULKNER**—At that stage it was costed at \$205,000. Now we have had \$65,000 of architects' fees and other consultants' fees. Can somebody now tell us what the budget is for what was costed at \$205,000 a couple of years ago, of course not including any of the fittings, the furniture, the fit-out or the like? It is an absolute motza.

**Ms Penfold**—We do not have an estimate because we do not have the final design to go to the quantity surveyor and therefore we do not have a budget at this stage because the budget request will come back to the DPS finance committee when that quantity surveying work has been done.

**Senator FAULKNER**—How did we get an estimate back in September 2005 for similar work?

**Ms Penfold**—Because these were the very rough figures provided by the original architects. That was not a budget; there was no formal approval and possibly no approval at all within DPS of that estimate. That was just a very rough estimate.

**Senator FAULKNER**—Yes, so it was a rough estimate then but this sort of financial or budget planning does not occur now. We do not have anything like similar estimates being undertaken in 2007?

**Ms Penfold**—We are not doing that because the next sensible stage to do that is when we have a proper design. When we have a proper design we will expect a much better and more reliable estimate than this one. First, our clients will decide whether they are interested in pursuing this and then the department will decide whether this is an appropriate use of administered funds under the change of use or variation of use.

**Senator FAULKNER**—So there is no estimate for the cost of the work; is that correct? That is what you have told us. There is no estimate for it.

**Ms Penfold**—There is no estimate of the cost of the work as designed, I do not believe.

**Senator FAULKNER**—There is no budget for the work?

**Ms Penfold**—Sorry, there is no budget but there may be an estimate. There is no approved budget.

**Senator WONG**—What is the estimate?

**Senator FAULKNER**—We do not have a budget but we do have an estimate. What is the estimate?

**Mr Bray**—Back in December 2006 we asked the architect who is currently employed to give us rough estimates of the options that she was developing at that stage.

**Senator FAULKNER**—Thank you.

**Mr Bray**—The option that we are going forward with at this stage, in principle, is described as option 3 but with minor modifications. At that point that option was estimated to be in the order of \$475,000.

**Senator FAULKNER**—Right, \$475,000. Now I know, Mr President, why it has taken so long to get that figure out of the committee because it is just an outrageous figure. The figure is \$475,000, not including the furniture, not including the fit-out and not including any of the consultants' or architects' fees. That is what it is. It is \$475,000, and of course the Prime Minister would want it covered up.

**Senator MURRAY**—That is the cost of a fancy house.

**Senator FAULKNER**—It is the cost of a house; of course it is.

**Senator MURRAY**—I have no problem with it.

**CHAIR**—Are there any further questions?

**Senator MURRAY**—I have no problem with the Prime Minister having a better dining room, but I think you have been taken for a ride. How can knocking down a door and doing a couple of things be—

**Senator FAULKNER**—It is the taxpayers who are being taken for a ride, Senator Murray. It is not the Department of Parliamentary Services.

**CHAIR**—Are there any further general questions?

**Senator WONG**—Yes. What is the document from which you read the estimate?

**Mr Bray**—In its current form it is an email from the architect to ourselves.

**Senator WONG**—To whom?

**Mr Bray**—To DPS.

**Senator WONG**—Could you table that document?

**Ms Penfold**—That is up to the President.

**Senator WONG**—While Ms Penfold is satisfying herself if that can be tabled—

**Ms Penfold**—No, it is the President who will satisfy himself.

**Senator WONG**—I am sorry; I thought you were reading it, Ms Penfold.

**Ms Penfold**—I am looking at it but it is on its way to the President.

**Senator FAULKNER**—I don't know why someone could not have provided those answers a little earlier today. It might have saved a hell of a lot of time.

**Senator WONG**—Just while that is being cleared for tabling, you might have answered this: who was on the panel which determined the successful architect?

**Mr Bray**—I would have to go and check that.

**Senator WONG**—Was there any representative of the Prime Minister's office?

**Mr Bray**—No.

**The PRESIDENT**—From what I can see here, these figures are allocations. It is not the cost of any authorised work.

**Ms Penfold**—They are estimates.

**The PRESIDENT**—They are estimates.

**Senator FAULKNER**—We know that. That is the evidence which could have been provided literally hours ago.

**The PRESIDENT**—Yes, but these are only estimates.

**Senator FAULKNER**—We know that.

**Senator WONG**—We understand that.

**Ms Penfold**—They are not estimates based on any serious design work.

**Senator WONG**—They are estimates provided by the architect you have contracted with, are they not?

**Mr Bray**—Yes.

**Senator FAULKNER**—It does not suit the government and the Prime Minister to have them provided, hence it has taken literally hours to get them out.

**The PRESIDENT**—I will read from the first line, Senator:

The following cost estimations are preliminary at this time and will be further detailed as the preferred design is developed.

**Senator WONG**—We know that.

**The PRESIDENT**—That is what the secretary has been saying all the way through, but obviously you people want to make a cheap headline, get your name in the paper and have a go at the Prime Minister; that is fair enough.

**Senator WONG**—Mr President, actually you have not been saying that all the way through.

**Senator FAULKNER**—There is nothing cheap about this headline, I can tell you; this is \$475,000, plus consultants' fees of \$65,000, plus the furniture and refurbishment. That is no cheap headline.

**The PRESIDENT**—I have been here before when we used to talk about heating for dog kennels, and we used to talk about teak tables. I know how it works, Senator. I used to be chairman of the wastewatch committee; I know how it works.

**Senator FAULKNER**—It is a pity you do not take an active interest in this.

**The PRESIDENT**—This is the first I have seen of it.

**Senator FAULKNER**—That would be right. Do you mean you are just in the dark the whole time?

**The PRESIDENT**—Because it is only an estimate; it has not come up for approval yet. You know that.

**CHAIR**—Order!

**Senator FAULKNER**—You just do not seem to know what is going on, do you?

**CHAIR**—General questions, please.

**Senator FAULKNER**—You do not ever keep a weather eye on any of this stuff. With every question asked of you, you have no idea of what is happening in the department.

**The PRESIDENT**—It is as plain as the nose on your face, Senator. They were going to have a look at this area for refurbishment because, after 20 years, it is due for refurbishment.

**Senator FAULKNER**—I do not know how you can hold out your hand for your salary at the end of the month; I really do not.

**CHAIR**—Senator Faulkner, do not reflect on witnesses.

**The PRESIDENT**—Somebody said: 'How about we make this room useful?'

**Senator WONG**—I am waiting for the document to be tabled.

**The PRESIDENT**—I am not going to table it.



**Senator WONG**—On what basis?

**The PRESIDENT**—I just said I am not going to table it because it is only an estimation. It has no value because it is only an estimation.

**Senator WONG**—So you are covering it up?

**The PRESIDENT**—You have already heard the figures.

**Senator WONG**—Half a million bucks, and you do not want to tell people what the estimate is for refurbishing the Prime Minister's dining room?

**The PRESIDENT**—You have already been given the figures.

**Senator WONG**—On what basis can you possibly withhold tabling this document, other than a fit of pique?

**Senator FAULKNER**—It does not suit him.

**The PRESIDENT**—It is a rough estimation.

**Senator WONG**—Table it with the caveats; we know that. You have already said that; that is a political argument.

**The PRESIDENT**—You have already got the figures, so you do not need to know any more.

**Senator CHRIS EVANS**—You have been talking to Joe Hockey!

**CHAIR**—Senator Calvert, are you seeking to take that question on notice?

**Senator WONG**—Chair, are you just going to let that go?

**The PRESIDENT**—I will take it on notice and give the committee an answer further down the track.

**CHAIR**—Thank you, Senator Calvert.

**Senator WONG**—Who is he going to talk to? He is the President at the table. It is not as though he has to go and talk to a—

**Senator FAULKNER**—Who is he going to consult?

**Senator WONG**—Yes, who is he consulting? He is not representing anyone.

**Senator FAULKNER**—He is going to consult Mr Howard; that is who he is going to consult.

**CHAIR**—Senator Wong.

**Senator FAULKNER**—This is just preposterous. You are the President of the Senate; make a decision.

**Senator WONG**—That is right.

**The PRESIDENT**—This document has just been given to me. It is an estimate; that is all it ever is. You have been told the figure of \$400-odd thousand. What more do you want to know?

**CHAIR**—Senator Calvert has taken that question on notice.

**Senator WONG**—He is not a public servant; he is the Presiding Officer of the Senate. On what basis is he saying that he is not tabling the document? He is not a public servant who has to go off and talk to a minister about it.

**Senator FAULKNER**—That is not true, because he has to talk to the Prime Minister to get permission.

**Senator WONG**—Chair, I have made a point. Are you going to rule on it?

**CHAIR**—Senator Calvert has indicated that he is going to take that question on notice. Are there any further general questions?

**Senator WONG**—What is the total amount of estimates in the document you are refusing to table? Is \$475,000 the total, or are there other bits that we have not been told about?

**Ms Penfold**—The \$475,000 is the total for the building work and all the things that go with that.

**Senator WONG**—What are the rest of the cost estimates in the email?

**Ms Penfold**—There is mention of a rough price for furniture.

**Senator WONG**—What is the rough price of the furniture?

**Ms Penfold**—The rough price that the architect has put in here is \$200,000.

**Senator WONG**—What other rough prices are in the email?

**Senator FAULKNER**—That takes us to \$675,000 plus \$65,000.

**Ms Penfold**—That is all there is for this option that is currently being investigated.

**Senator FAULKNER**—So that is \$740,000; \$200,000 on furniture, \$475,000 for the refurbishment, and \$65,000.

**Ms Penfold**—No decision has been made about the furniture. Looking at the figure, namely \$200,000, it is clearly a very rough, top-of-the-head figure—if you wanted new furniture, this is the sort of amount you would allow for it.

**Mr Bray**—I can confirm that in the recent design meetings the Prime Minister's staff said there is no requirement to change the furniture.

**Senator WONG**—But have the rest of the estimates been discussed with the Prime Minister's office?

**Mr Bray**—Yes. Those estimates were discussed as part of the design process. To confirm the secretary's advice, the decision has been made. There will be no changes to the furniture.

**Senator WONG**—So the \$475,000 cost of the construction work includes all refurbishment and what else?

**Ms Penfold**—Demolition and building works to remove wall and ceiling in dining room; a new ceiling; architraves and lighting; mechanical services associated with alterations to air conditioning; replace mirrored wall panels; replace existing silk panels on eastern wall; paint and replace carpet, including margins and adjustments, is in the order of \$475,000.

**Senator WONG**—When was the nearly half a million dollars in the estimated costs, excluding any furniture, discussed with the Prime Minister's office, Mr Bray?

**Mr Bray**—It would have been soon after we received that. That was dated 6 December, so I imagine it happened probably before.

**Senator WONG**—6 December.

**Ms Penfold**—7 December.

**Mr Bray**—7 December.

**Senator WONG**—To whom was that email sent?

**Mr Bray**—It was sent to one of my staff who was managing the project. Sorry, I will correct that; it was sent directly from the architect to Terry Crane at the Prime Minister's office. It was cc'd to one of my staff.

**Senator FAULKNER**—So the Prime Minister's office is running the show.

**Mr Bray**—No. Because we wanted to get this information up to the Prime Minister's staff as soon as we could, we sent it directly to him and we obviously received it ourselves.

**Senator FAULKNER**—It is not you sending it to him; it is the architect sending it to him

**Mr Bray**—That is right.

**Senator FAULKNER**—So how do we know what the Prime Minister's staff have been saying to the architect?

**Mr Bray**—We always attend the meetings with the architect. The architect is not allowed to meet with the Prime Minister's staff without us being in attendance.

**Senator FAULKNER**—Have you checked the email traffic between the Prime Minister's staff and the architect? There are some that have luckily been copied in to that particular email. What else has been happening that we do not know about?

**Senator WONG**—Was there something amusing, Ms Missingham, that you would like to share with us?

**Ms Missingham**—No. I was thinking of a question we had at previous estimates about us not monitoring emails.

**Senator WONG**—We might come back to that later.

**Mr Bray**—The formal engagement with all our consultants is that they cannot meet with our clients without us being in attendance.

**Senator WONG**—So how many meetings have there been subsequent to 7 December 2006?

**Mr Bray**—I would have to check; I cannot remember. It would be at least two or three meetings.

**Senator WONG**—At least two or three?

**Mr Bray**—Probably, yes. I would have to go back and check our records.

**Senator WONG**—Who is in charge of this, Mr Bray?

**Mr Bray**—It comes out of my section. I would have to ask one of my staff to go back through the files and check how many formal meetings there were.

**Senator WONG**—Can they do that today?

**Mr Bray**—Yes, we can.

**Senator WONG**—Who do these meetings involve?

**Mr Bray**—They would involve the senior staff representative from the Prime Minister's office.

**Senator WONG**—Who would that be?

**Mr Bray**—Typically, Terry Crane, unless he asks someone to sit in in his place. I have attended the meetings. David Kenny has attended a couple of the meetings as well. One of my staff who runs the day-to-day details of the project attends, as well as the architect for the project. They are generally the people who attend the meetings.

**Senator WONG**—Anyone else?

**Mr Bray**—Generally no. Terry might invite a senior staff member but no-one comes to mind for those meetings. There might also be a representative from Ministerial Wing Support Group, from DOFA.

**Senator WONG**—I think you said previously that there was a meeting which Mrs Howard attended, but this is not one of these.

**Mr Bray**—I was not present at that meeting. I think that was before I commenced work with DPS.

**Mr Kenny**—I can get the date of that meeting for you, but that was quite some time ago.

**Senator WONG**—I am just trying to clarify that it is different from these meetings.

**Mr Kenny**—Yes. It was well before the current architect had been selected and engaged.

**Senator WONG**—What is happening with this \$500,000 potential refurbishment now?

**Mr Bray**—The architect, currently, has just engaged the subconsultants to do their investigation of the project.

**Senator WONG**—Is this the fire et cetera people?

**Mr Bray**—That is right. They are finalising their advice to the architect. She will then use that advice to finalise her estimate through her quantity surveyor and provide us with an estimate of the project work.

**Senator WONG**—But it has been given the green light to that point.

**Mr Bray**—In terms of consultant fees only.

**Senator WONG**—Nobody looked at the \$475,000 figure and said, 'No, we can't proceed with this'; the instruction to the architect was, 'It might cost \$475,000 approximately, but go ahead and develop a properly costed proposal.'

**Mr Bray**—We are developing a proposal and a schematic design which will put in the detail, and from that we will be able to get a robust estimate. Our talks have used very loose design requirements, but we now have a design that can be priced with a degree of reliability.

**Senator WONG**—Will it be more or less than half a million?

**Mr Bray**—We do not know. Until we get the price back, we will not know.

**Senator WONG**—You have no idea of the ballpark costs?

**Mr Bray**—No, I do not. We are at the point where we are about to get advice on that.

**Senator FAULKNER**—I have another question about refurbishments. Can you let me know what the costs were for the new kitchen for the Deputy Government Whip in the Senate and why it was installed?

**Ms Penfold**—It does not ring any bells.

**Senator FAULKNER**—I just had a government senator skiting to me about what a terrific job it was. I just wanted to check it out. I always do those sorts of things. It is called accountability.

**Ms Penfold**—It does not appear to be ringing any bells on this side of the table. We will get someone to follow it up.

**Senator FAULKNER**—Thank you.

**The PRESIDENT**—My understanding is that it was a matter for Senate rather than DPS. There was a request from both the Deputy Opposition Whip and the Deputy Government Whip regarding arrangements in their kitchens. I do not know any more than that. I can get some information.

**Senator FAULKNER**—If it is a matter for the Senate, we can ask them next time around, which will be a long time in the future.

**The PRESIDENT**—We can get those answers.

**Senator FAULKNER**—I just assumed that if it involved refurbishments DPS would be involved.

**The PRESIDENT**—No, it was through the Department of the Senate, I believe.

**CHAIR**—Are there any more general questions for the Department of Parliamentary Services?

**The PRESIDENT**—Could I just return to my previous answer because it was not quite correct. I understand the Deputy Opposition Whip asked for a similar change to the one that was made to the Deputy Government Whip's kitchen. He did not request it, but now that the other one has been done he has asked for a similar change to his kitchen.

**Senator FAULKNER**—That is exactly right. It is about trying to keep some sort of balance between these things. That is why I asked the question. You are saying that it is a matter for the Department of the Senate.

**The PRESIDENT**—Correct.

**Senator FAULKNER**—We will chase it up with them. I am surprised to hear that because I thought those sorts of refurbishments were undertaken by the DPS. I have your advice and will act on it accordingly. Thank you.

**Senator CHRIS EVANS**—I have some questions on the discussion we had last time about monitoring of emails. Has there been a change in the policy regarding the monitoring of staff emails?

**Ms Penfold**—The monitoring of DPS staff emails?

**Senator CHRIS EVANS**—The monitoring of library staff emails in particular was raised with me.

**Ms Penfold**—There has been no change within the department.

**Senator CHRIS EVANS**—What is the current policy?

**Mr Kenny**—The general answer is that we monitor, at the internet gateway, traffic to websites. By monitor, I mean that the software that takes you to the website records the sites that have been visited. We do not actually monitor email usage other than in a very general sense. By general sense I mean statistics like the total amount of traffic and that sort of thing, which would be part of normal administrative and capacity management activity. We would be hesitant to do so for a number of reasons, not the least of which would be the logistic complexity. We can, with a very tightly specified request, answer a question as to whether someone at a certain computer has sent email to someone else, I believe, but I do not know how long we keep those records for, and it is not our standard practice to take any notice of them. We would only use them if we had a specific request from someone who had authority over the users of the email. For example, I recall last year that a member asked us a question about the activities of someone who was in that person's office and we were able to get some information and provide it back to that gentleman.

**Senator CHRIS EVANS**—What about the monitoring of emails between senators and members and staff? Is there some protocol in relation to that?

**Ms Penfold**—When staff come to the department, in order to get their access to the computer system, they sign some sort of consent form or undertaking which I think—and I am going back to some very hazy memories of when I joined the department—recognises that emails, internet use and so on may be monitored in certain circumstances. There is work being done at the moment on a consolidated DPS policy and presumably a consolidated form. At the moment we would be using the forms from the former departments, and it may be that there are slight differences in those. We could get you copies of those. Certainly there has been no change since the department was formed in the approach we take to those—nor, to my knowledge, has there been any change in our practice.

**Senator CHRIS EVANS**—Has there been any change in practice in relation to the library?

**Ms Penfold**—The library is part of DPS. Library staff are DPS staff and there has been no change in relation to DPS staff.

**Senator CHRIS EVANS**—So what happens in terms of emails sent between members' and senators' offices and the staff member? Are they monitored in any way?

**Ms Penfold**—Mr Kenny has explained the circumstances in which monitoring is feasible. As I say, to my knowledge there has been no monitoring of such emails. David, can you add to that?

**Mr Kenny**—Only in the same vein, Senator. I am not aware of any instance where we have done that. As I said earlier—

**Senator CHRIS EVANS**—Are they required to be provided?

**Ms Missingham**—When a member of the library staff supplies an individual client request to a member or senator or their staff, we place a copy of that in our record management system so that if the member comes back and asks for clarification we can see what we have sent previously and add additional information, rather than someone repeating the information that has already been sent. But there is no monitoring system of that. That is sending information directly to the library client.

**Ms Penfold**—I should point out that in that respect—and this is a broader issue through the whole department and, I believe, through other departments—emails that constitute, in effect, official business are exactly the same as a letter or a memo would have been, and they are required to be filed in exactly the same way that a letter, a file note or whatever would have been filed before. So, yes, as the Parliamentary Librarian says, those official answers are filed. She will know better than I do how they are filed and whether there is any quality control in the library. I know that there was in the past and I imagine that there is still quality control or quality review after the event on some of those answers.

**Ms Missingham**—And those answers are not widely accessible. They are managed in a secure environment so that if there is correspondence it is handled appropriately.

**Senator CHRIS EVANS**—So only the formal advice from the library is included in that requirement?

**Ms Missingham**—And emails, if they constitute answers to inquiries from library clients.

**Ms Penfold**—We have a records management policy which tries to explain in a bit more detail what kinds of records are departmental records, and we could certainly provide that.

**Senator CHRIS EVANS**—In terms of the security for senators and members about what information is requested and provided, are the copies of the emails from the senators and members also referred on?

**Ms Missingham**—They are not referred on in the sense of being referred on to individuals; they are stored. Some sections in the library store them on a drive which is only accessible to people in that group and not to others. Some print them and put them on physical files. Again, there is restricted access to those files.

**Senator CHRIS EVANS**—For what purpose are they stored?

**Ms Missingham**—They are stored to enable staff to continue to provide a client service, as I said before, to make sure that they do not do the same work again, and they add supplementary information.

**Senator CHRIS EVANS**—That would explain why you would store the ones you sent back to the senators and members; it does not explain why you keep the incoming correspondence.

**Ms Missingham**—We would only keep the incoming if it was a detailed request and we needed that in order to understand the response, just as part of doing the audit trail.

Sometimes it is possible that we will answer an inquiry and perhaps have missed one of the points in the email. By checking that again, if a client gets back to us, we can use the original email to make sure we did actually respond fully and appropriately.

**Senator CHRIS EVANS**—Who has access to those?

**Ms Missingham**—Generally speaking, only the people in the section.

**Senator CHRIS EVANS**—Only people in the subject section?

**Ms Missingham**—Yes.

**Senator CHRIS EVANS**—And not further up the line?

**Ms Missingham**—Regarding the responses, certainly the directors and the assistant secretary. We have something called the greens that circulate so that we can see the responses for the matter of quality. The other thing that is particularly important is that we are very careful in handling all of the responses and all of the inquiries to ensure that confidentiality is kept. That is also a requirement of the library under the Parliamentary Services Act.

**Senator CHRIS EVANS**—What is contained in the greens—all the emails or just those which include the work done in response to requests?

**Ms Missingham**—Only individual client responses that are substantive papers. For example, if you asked a question and you were trying to find a report and we had just sent you a link to the actual report, we would not make a copy of that and circulate it.

**Senator CHRIS EVANS**—So individual officers are responsible for contributing to the greens? They provide the copy—

**Ms Missingham**—Yes.

**Senator CHRIS EVANS**—which then circulates?

**Ms Missingham**—Yes.

**Senator CHRIS EVANS**—And their instruction is to only do it for substantive pieces of work?

**Ms Missingham**—For what we call individual client responses.

**Senator CHRIS EVANS**—You also used the word ‘substantive’.

**Ms Missingham**—‘Individual client responses’ is the term that we use in order for it to be that and not a quick email response. We have an operating policy and procedure for client directed inquiries. That describes the process that we need to follow in order to develop good and impartial responses to senators and members in compliance with the Parliamentary Services Act.

**Senator CHRIS EVANS**—Do the greens include the requests from members and senators?

**Ms Missingham**—They only include the responses from library staff.

**Senator CHRIS EVANS**—So request emails are not circulated as part of the greens?

**Ms Missingham**—No.



**Senator CHRIS EVANS**—They are kept in a file which is only accessible to those members of the group.

**Ms Missingham**—Yes.

**Senator CHRIS EVANS**—Thanks for that.

**Senator FAULKNER**—While we are dealing with the Parliamentary Library, has there been change to the collections policy in relation to press releases?

**Ms Missingham**—No. The only change that I am aware of with press releases is that we have reduced the backlog so that material is now up on ParlInfo a lot more quickly.

**Senator FAULKNER**—I am surprised to hear that because my staff quite recently were trying to look up what one or two government backbenchers said in press releases about the budget, and those releases were not on the system. On further inquiry, I had been led to understand that the issue might well have had something to do with collections policy; that is not right?

**Ms Missingham**—No, we have not changed our collections policy at all. I know sometimes that we receive press releases through a system that is called RSS feeds and sometimes there are problems with that system, which is the only explanation I can think of. But we have not reduced or changed in any way the scope of the press releases that we are receiving. I will certainly go back and check to make sure that if there has been any problem with technology that has been fixed quickly.

**Senator FAULKNER**—There is no need to do that, if you can assure me there is no change to the collections policy, which seemed to include press releases from members of parliament, ministers, shadow ministers, backbenchers government and backbenchers opposition—that was certainly my understanding. So you can confirm that that policy is extant.

**Ms Missingham**—It is indeed.

**Senator FAULKNER**—Thank you for that. The only other thing I was going to ask for in relation to the Parliamentary Library was a very brief update in terms of the journals backlog waiting to be added into ParlInfo. Are you able to give us a status report on that?

**Ms Adcock**—I cannot give you the exact figures. There is still some backlog, but I could take that on notice.

**Senator FAULKNER**—Is the situation improving or worsening, would you say?

**Ms Adcock**—I think we managed to clear the backlog of all the newspaper clippings we had. We were then starting to work on the journal database backlog. My understanding was that it was improving, but I cannot give you exact figures. I can check those and provide them.

**Senator FAULKNER**—What about the indexing of P2 regional newspapers—how is that going?

**Ms Adcock**—We still had a small backlog with the P2s but it had improved from the situation previously where the P2s were given a lower priority than getting the main dailies indexed.

**Senator FAULKNER**—Are the P2 newspapers only being indexed on a selective basis effectively or not?

**Ms Adcock**—They are indexed selectively. We do not put everything on the system. It is all available full-text, so you can search the documents with free-text terms. We have been looking more generally at how much subject indexing we add. We do add subject terms to the P2s but we have been looking at how much we need to do, given that when the first system was first set up you were not able to search every word in the document as well. Now you can do that, and that adds to the searchability of the material. So the subject indexing is an added feature but it is not necessary to be able to actually locate items on the database.

**Senator FAULKNER**—Therefore, a backlog in journals—I am interpreting what you are saying—is a more significant problem than a backlog, say, in the priority 2 newspapers.

**Ms Missingham**—The newspapers are our highest priority. They are more significant in terms of our priorities than the journals because many of the journals—

**Senator FAULKNER**—But what you are effectively saying is that there is an alternative access method.

**Ms Adcock**—The journal articles are also available in searchable full-text.

**Senator FAULKNER**—So that is true of all the journals where there is a backlog?

**Ms Adcock**—Yes.

**Senator FAULKNER**—I see. But you cannot say to me, in relation to the journal backlog, effectively whether that is diminishing or not.

**Ms Adcock**—I do not know. I would be guessing. My understanding is that we were starting to work on that. We had got the newspaper indexing backlog in hand. The priority was then to address the journal article backlog. Just where that is at—

**Senator FAULKNER**—I think Senator Murray raised a little earlier in the hearings the issue of the *Bills Digest*, the concern there being the fact that these appear to be becoming available much closer to the actual debate in the chamber. I did not hear all of Senator Murray's questioning. He may have canvassed this issue, so just let me know if he did and I will check the *Hansard* record. Are you able to say whether my impression of this pattern is accurate or not? As I say, I did not catch all of Senator Murray's questioning. If he canvassed it, I am happy to go and look at the *Hansard*.

**Dr Romeyn**—Essentially he asked a very similar question.

**Senator FAULKNER**—Okay. I will check that.

**CHAIR**—Are there any other general questions?

**Senator FAULKNER**—I was just going to ask about the indexing of *Hansard* issues that was raised at the last estimates round. It appears to have had a happy conclusion. Am I right about that?

**Ms Missingham**—Senator Murray also asked a question about this and I was very pleased to report that we have received, after some significant work in programming, the index to Hansards for the last fortnight of sittings in 2004, and that is ready, really, to go to the

printers. We have the 2005 and 2006 in draft, and they are significant improvements on the previous years because of the formatting and also because of the way we have done the content. They will be out in the near future.

**Senator FAULKNER**—That is good to hear. I received quite a lot of feedback on the indexing of *Hansard* issues. I think we can chalk that one up to this estimates committee. Finally, I just want to ask two brief questions—more in the capital works area, I expect. Firstly, I would like a very brief update on whether there are any major capital works proposed around the building. If so, what are they, Mr Kenny? We do not have to canvass the Prime Minister's dining room again. We have done that.

**Mr Kenny**—I am struggling to think of major capital works. We have quite an extensive list of proposed projects, many of which are based on the 100-year plan, I think it is, which is, in effect, asset replacement activity. So there are quite a large number of proposals in various stages of development and maturity that are on quite a long list kept by the strategic planning people.

One of the things that is in my mind as being up for attention in the coming financial year is work on putting dual-flush systems in the toilets throughout the building, which will obviously be quite noticeable and quite expensive—I think there is a couple of million dollars likely to be involved there. There is also some work being done looking at replacing some of our chiller systems as part of our overall energy consumption strategy. I think the chillers are up for replacement in the next year or so, possibly a little earlier. Rather than just replacing like with like, we are looking at being fairly innovative in providing the same functionality with much more energy and/or water efficient systems.

**Senator FAULKNER**—It may not be appropriate at Parliament House but has there been any suggestion that water tanks might be a possibility for anywhere in the environs of Parliament House? It may not be possible.

**Mr Kenny**—There has been a lot of discussion within DPS and, I gather from some of the questions that have been asked of us, from outside of DPS about all sorts of water related issues, including water tanks. Our initial calculations suggest that the amount of water that we would need to store to, for example, make us much less reliant on irrigation would be quite massive. The secretary and I have done some rough calculations, as have others. The process that looked at developing our water strategy also looked at whether we could do that. At this stage it appears to be pretty infeasible to get a space big enough to put a tank in and then the cost of being able to pump that water back into our outlet points and reuse it so that it goes onto the gardens but not, for example, into the internal drinking water. I think there is also a question mark as to: if we do that with the water then it stops it going somewhere else.

**Senator FAULKNER**—I did note some time ago an article in the *Canberra Times* newspaper about another storey for the Senate and the House of Representatives wings of Parliament House. I assume that might be an issue because you mentioned the 100-year plan. I am not sure whether that is a possible element of the 100-year plan. Could you let me know whether that is the case or not.

**Mr Kenny**—Not in the 100-year plan, as we are calling it, because it tended to focus on sustaining the current building and replacing things over the life of the building as they

themselves wore out. Again, there has been some largely informal discussion about accommodation within Parliament House and whether the total amount of space is adequate either now or into the future. We asked some architects to give us some advice on accommodation, another accommodation review, and their report was provided to us in draft earlier this year.

**Ms Penfold**—That review is being conducted by architects commissioned jointly by the three parliamentary departments, so the Senate and House are involved with us. I believe that the final report for that was received last week. I have not seen the report and so I do not know whether it canvasses this specifically, but it has been identified for a long time that if we do not have enough space in this building the three basic options are: to move some people out of the building to provide space for the other people who need to be here, to build some sort of parliamentary annexe somewhere within the precincts or to build more space on the building as it stands.

**Senator FAULKNER**—There is already a substantial number of DPS staff in West Block, isn't there?

**Ms Penfold**—There have been; the last few are in the process of moving out, and they will be back in this building. The West Block lease runs out on 30 June and we will not be renewing it.

**Senator FAULKNER**—Why were they in West Block?

**Ms Penfold**—We used to have rather more staff, Senator. They were in West Block because there was not space for them here. Now that staff numbers have reduced we have done a bit of a review and consolidated our staff within our existing accommodation.

**Senator FAULKNER**—Will that accommodation report be made public at some point?

**Ms Barrett**—The final report was received from the architects just last week and the steering committee from the three departments met on Friday to consider it. The next step will be to send it to the parliamentary heads and to the Presiding Officers, then there will need to be consultation about it. It largely looks at what can be done in the short term and it does present some options—which are just options at this stage and will need a considerable amount of work—for, say, the 30-year period and the whole life of Parliament House.

**CHAIR**—Ms Penfold, could you provide an update on the replacement of Parliament House locks? I think it was going up for a fourth tender, and at the last estimates hearings you indicated it would probably be during the winter break or during the election period that those locks would be replaced.

**Ms Penfold**—The tender documents are still being worked on. As you have said, there have been several previous tenders and there have been some unhappy elements to those earlier ones. When the detailed work started on the fourth version of the tender documents it emerged that the previous DPS staff involved appeared to have gone off on a bit of a frolic of their own and had included in the locks tender document a variety of locks that, as far as our clients in the Senate and the House of Representatives were concerned, did not need to be replaced at all—in particular, window locks, and there was a suggestion that we include locks for credenzas and other cupboards within suites so that they would all be keyed to match the

suite itself. As I say, staff of the Sergeant-at-Arms and the Usher of the Black Rod have indicated that that is not an appropriate approach, so the tender documents are being reworked to cut back on that sort of thing and it will be a much smaller tender process when it goes out. I can get you the exact details on where it is up to.

**CHAIR**—Is this the fourth or the fifth tender?

**Ms Penfold**—I think this is the fourth.

**CHAIR**—The fourth round of tenders?

**Ms Penfold**—Yes.

**Ms Griffith**—The statement of requirement is currently being reviewed and updated in consultation with the offices of the Serjeant-at-Arms and the Usher of the Black Rod and the ministerial support wing. It is expected to be tabled at the security management board meeting in June this year, and the tender should go out shortly after approval of the security management board.

**CHAIR**—So you would be looking to replace the locks over the election period?

**Ms Penfold**—That would be highly desirable, but we cannot promise that because we do not know how smoothly the tender process will work and we do not know when the election is going to be.

**CHAIR**—So some time early in 2008?

**Ms Penfold**—Ideally, before that.

**CHAIR**—Thank you. Thank you to the President and officers of the Department of Parliamentary Services.

[3.36 pm]

**PRIME MINISTER AND CABINET PORTFOLIO**

**In Attendance**

Senator Minchin, Minister for Finance and Administration

**Department of the Prime Minister and Cabinet**

**Executive**

Dr Louise Morauta, Deputy Secretary

Mr Duncan Lewis, Deputy Secretary

Ms Jenny Goddard, Deputy Secretary

**Economic policy**

**Output group 1**

Dr Rhondda Dickson, First Assistant Secretary, Industry, Infrastructure and Environment Division

Mr Paul Tilley, First Assistant Secretary, Economic Division

**Social policy**

**Output group 2**

Ms Serena Wilson, First Assistant Secretary, Social Policy Division

Mr Shane Hoffman, Assistant Secretary, Indigenous Policy

Ms Leonie Smith, Assistant Secretary, Health and Ageing

Mr John Matthews, Assistant Secretary, Immigration, Pandemic and Health Security

Ms Sally Bassar, Assistant Secretary, Families and Social Support

**International policy advice**

**Output group 3**

Mr Hugh Borrowman, First Assistant Secretary, International Division

Mr Frank Leverett, Assistant Secretary, Ceremonial and Hospitality

Mr Angus Campbell, First Assistant Secretary, National Security Division

Ms Rebecca Irwin, Assistant Secretary, Domestic Security

Mr Stephen McFarlane, Acting Assistant Secretary, Defence and Intelligence

Mr Richard Davis, Assistant Secretary, National Security Science and Technology

Dr Rob Floyd, Assistant Secretary, Chemical, Biological, Radiological Nuclear Security Review

Mr Alan Henderson, Deputy Secretary, APEC 2007 Taskforce

Mr Andrew Harper, General Manager, Corporate Branch, APEC 2007 Taskforce

**Support services for government operations**

**Output group 4**

Ms Barbara Belcher, First Assistant Secretary, Government Division

Mr David Macgill, Assistant Secretary, Parliamentary and Government

Mr Peter Rush, Assistant Secretary, Awards and Culture

Mr Alex Anderson, Assistant Secretary, Legal Policy

Dr Wendy Southern, First Assistant Secretary, Cabinet Division

Mr Kim Terrell, Assistant Secretary, Cabinet Implementation Unit

Ms Anne Hazell, First Assistant Secretary, People, Resources and Communications Division

Mr Robert McMahon, Assistant Secretary, Government Communications Unit

Dr Susan Ball, Assistant Secretary, Information Services

Ms Janette Davis, Assistant Secretary, People and Governance

Ms Trish Corbell, Acting Assistant Secretary, People and Governance

Mr Robert Twomey, Chief Financial Officer

**Australian National Audit Office**

Mr Ian McPhee, Auditor-General

Mr Steve Chapman, Deputy Auditor General

Ms Sheila Bird, Group Executive Director, Performance Audit Services Group

Mr John Meert, Group Executive Director, Performance Audit Services

Mr John Hawley, Executive Director, Corporate Management Branch

Ms Rachel Harris, Chief Financial Officer

Mr Michael White, Executive Director, Assurance Audit Services Group

Mr Colin Cronin, Executive Director, Performance Audit Services Group

Mr Brian Boyd, Executive Director, Performance Audit Services Group

Mr Ron Richards, Director, Corporate Management Branch

Ms Michelle Hocking, Senior Director, External Relations

**Australian Public Service Commission**

Ms Lynelle Briggs, Public Service Commissioner

Ms Lynne Tacy, Deputy Public Service Commissioner

Mr Boris Budak, Acting Merit Protection Commissioner

Ms Karin Fisher, Group Manager Corporate

Ms Ngaire Hosking, Group Manager Evaluation

Ms Clare Page, Group Manager Better Practice

Ms Jacqui Curtis, Group Manager Programmes

Mr Patrick Palmer, Group Manager Regional Services

Ms Georgia Tarjan, Group Manager Policy

**Office of National Assessments**

Mr Peter Varghese, Director General

Mr Derryl Triffett, Assistant Director General

**Office of the Commonwealth Ombudsman**

Ms Vivienne Thom, Acting Ombudsman

Mr Ron Brent, Deputy Ombudsman

Ms Mary Durkin, Acting Deputy Ombudsman

Ms Marilyn Prothero, Senior Assistant Ombudsman

Ms Vicki Brown, Senior Assistant Ombudsman

Mr Damien Browne, Senior Assistant Ombudsman

Ms Helen Fleming, Senior Assistant Ombudsman

**Office of the Inspector-General of Intelligence and Security**

Mr Ian Carnell, Inspector-General

**Office of the Official Secretary to the Governor-General**

Mr Malcolm Hazell CVO, Official Secretary to the Governor-General

Mr Brien Hallett, Deputy Official Secretary to the Governor-General

Ms Sharon Prendergast, Director, Honours Secretariat

Mr Gary Bullivant, Corporate Manager

**CHAIR**—I welcome Senator Minchin and officers of the Department of the Prime Minister and Cabinet. We will start with output 3.3, APEC Taskforce.

**Senator CHRIS EVANS**—Mr Henderson, I thought we might start by picking up where we left off last time. I see in the portfolio budget statements that you got another \$15.5 million for the costs associated with APEC. What is that going to be devoted to?

**Mr Henderson**—That is mainly related to costs for Leaders Week that were originally estimated about 2½ years ago. We now have more precision in costs that we will incur in relation to transport and our aspects of security for Leaders Week. There are some other items. There are two factors explaining the additional \$15.5 million. One is the reference to the more detailed costings we have for Leaders Week. As I said, they were originally estimated 30 months ago. There is also the fact that responsibility for what we call interstate events—in other words, not Leaders Week events in Sydney—was transferred from other departments early in 2005. Those estimates were pretty rough at that stage as well. It turned out that the funds transferred to the Prime Minister's department for some of those meetings—you would be aware of some of them: in Perth, Adelaide, Hobart and forthcoming meetings in Darwin—were not sufficient.

We have been offsetting those overruns relative to the original funds provided to us because some of our costs in relation to the property lease in Sydney and our staffing were not as high as initially estimated. So we had underspends on staff salaries, for example, which enabled us to cover those costs in the past. But that will not apply for some of the interstate events that we still have in the next financial year, including those for trade ministers and finance ministers.

**Senator CHRIS EVANS**—So in some ways this is a topping up of the global budget because you have internal shifting around going on.

**Mr Henderson**—That is right. It is 10 per cent compared to where we were before with the PM&C task force budget.

**Senator CHRIS EVANS**—So the total cost of APEC is now \$331.5 million. Is that right?

**Mr Henderson**—That is correct.

**Senator CHRIS EVANS**—That is your global budget.

**Mr Henderson**—That is for the Commonwealth, all agencies. But of course \$78.9 million of that is available to supplement the New South Wales government for of security.

**Senator CHRIS EVANS**—You gave me a written response to a question taken on notice about travel costs. I appreciate that. It seems to me that, on the basis of that answer, for the months of November and December last year and January this year, the total travel budget has blown out to almost \$200,000 per month. That seems an extraordinary amount of money.

**Mr Henderson**—Which months are you talking about?



**Senator CHRIS EVANS**—You gave me an answer to a question on notice that for November and December last and January this year the total for transport costs was \$584,000. That is getting up towards \$200,000 per month. You gave me some assurances previously when we were talking about this that the figure was around \$100,000 a month. I am trying to understand what is happening with the travel costs. Is that one area in your internal budget that is increasing?

**Mr Henderson**—To the extent that that is travel associated with interstate events—whether in Perth, Adelaide or Hobart—yes, it would be one of the items.

**Senator CHRIS EVANS**—These figures were for November, December and January. Did you have meetings around that time?

**Mr Henderson**—We had a meeting in Canberra in January.

**Senator CHRIS EVANS**—That is right. The first one was in Canberra. Would that have been a big driver within the travel budget?

**Mr Henderson**—The bulk of the task force staff are permanently located in Sydney. Most of our liaison staff are located in Canberra. The overwhelming proportion of our staff are in Sydney.

**Senator CHRIS EVANS**—Does that explain the \$251,000 in accommodation and meals? Does it cover the allowances for those Sydney staff to go to Canberra?

**Mr Henderson**—That would be a substantial part of it.

**Mr Harper**—That is right. Those travel costs also include where we are paying for Comcar drivers, host department liaison officers et cetera; where we are paying the travel cost on their behalf.

**Senator CHRIS EVANS**—Is that for the ground transport cost?

**Mr Harper**—No, the transport costs cover drivers and vehicles but the actual cost of moving Comcar drivers is included in our travel costs.

**Senator CHRIS EVANS**—You did not bring drivers to Canberra, surely?

**Mr Henderson**—Are you still looking at January?

**Senator CHRIS EVANS**—I am going off the answer you gave me for November and December 2006 and January 2007. As I say, in a three-month period, you spent \$584,000 for task force travel. It seems an extraordinary amount of money.

**Mr Harper**—There were 10 Comcar drivers for the Canberra meeting who travelled from interstate.

**Senator CHRIS EVANS**—You brought 10 into Canberra?

**Mr Harper**—Yes.

**Senator CHRIS EVANS**—Didn't your other answer suggest that you only put on 23 or 24 for the Canberra meeting?

**Mr Henderson**—We specify the car services that we require and Comcar decide whether those drivers will come from the city in which the event is being held and to what extent they

need to bring people from interstate. They still have to maintain services in Perth, Canberra or wherever. That is essentially a judgement for them. But once they have decided—as Mr Harper said, I think it was 10 drivers in this instance—we pick up the tab for their travel from Sydney, Brisbane, Melbourne, or wherever it might be, and their accommodation while they are here.

**Senator CHRIS EVANS**—The other answer you gave is that you only provided 35 vehicles for the Canberra meeting. You are telling me you had to bring in 10, despite the large number of Comcar drivers in Canberra.

**Mr Henderson**—I just explained that that is not a judgement for us.

**Senator CHRIS EVANS**—No, but you are picking up the bill.

**Mr Henderson**—We are.

**Senator CHRIS EVANS**—So I would have thought you would take an interest in these things.

**Mr Henderson**—We do. We raised the issue with them but at the end of the day it is an operational judgement for them.

**Senator CHRIS EVANS**—So why do you pay Hertz to hire cars when you have got more than 100 Comcars—I do not know how many Comcars we have got in Canberra but there would have to be 50 or 60. Why did we employ Hertz to provide cars that Comcar drivers would drive rather than use the cars they normally drive every day?

**Mr Henderson**—We have got a contract with Hertz that extends for the whole year. They are providing cars for us in Canberra, Perth, wherever, so it is a whole of year contract for the provision of cars.

**Senator CHRIS EVANS**—I do not quite understand why you are getting Comcar to provide drivers and then you are hiring extra cars on top of the ones that the Commonwealth already own.

**Mr Henderson**—Because Comcar would not have sufficient cars in every—

**Senator CHRIS EVANS**—I can understand that in Perth, for instance; I do not understand it in Canberra. When parliament was not sitting most of the Comcar drivers were not working and yet we had to go and pay for Hertz to hire cars when there were lots of white cars sitting in the yard in Canberra. Now you tell me the reason we have got \$200,000 per month in travel costs is because we are moving Comcar drivers around. We are bringing Comcar drivers to Canberra, which is a bit like coals to Newcastle. The one place we have got Comcar drivers is in Canberra. I understand you taking them to Darwin and Perth where numbers are very low.

**Mr Henderson**—What are you asking me about: drivers or cars?

**Senator CHRIS EVANS**—Both.

**Mr Henderson**—We have explained in relation to drivers—and I think it is probably best directed to the department of finance at the end of the day as to how they reach their judgements as to how many drivers can be provided within the city that a meeting is being held in. Clearly, there are extremes between Canberra versus, for example, Cairns and Darwin where there would be small numbers.

**Senator CHRIS EVANS**—With respect, I am asking you why we spent \$200,000 a month on travel costs. Your answer to me seems to imply that we have taken a very expensive option.

**Mr Henderson**—The travel costs have got nothing to do with the cars. You were asking us about—

**Senator CHRIS EVANS**—I am asking you about both. You just identified \$250,000 in accommodation and meals in a period when the only meeting you had was the Canberra one. It was explained to me by Mr Harper that part of that was paying for the 10 Comcar drivers we brought in to a place where we have got quite a list of Comcar drivers, many of whom will want more work—so that is the first point. The second point is that it struck me as odd that when we have got Comcars sitting in the yard in Canberra we are hiring cars from Hertz that Comcar drivers can drive rather than the vehicles that they normally drive. I am trying to get an understanding of why we are taking those options.

**Mr Henderson**—Because we have a whole-of-year contract with Hertz and, clearly, there are economies of scale for having them for every meeting we have in every city that we are going to through the whole year.

**Senator CHRIS EVANS**—I have difficulty understanding economies of scale if you have got cars sitting in a yard and drivers waiting around for work. You say economies of scale drive you to hire other cars in addition to the ones you own and to get the drivers who normally drive the cars you own not to use them but to fly in people from interstate to drive them.

**Mr Henderson**—I understand the point you are making, Senator. You could switch it around and make the opposite case for Cairns, Darwin or Perth where we only have eight Comcar drivers.

**Senator CHRIS EVANS**—I accept the logic of that.

**Mr Henderson**—Right: it is a judgement for the whole of year that we reached.

**Senator FORSHAW**—How many drivers do you actually need and end up using with regard to the Canberra meetings? I am assuming you put to Comcar that you needed X number of drivers and X number of vehicles—is that the way it worked?

**Mr Henderson**—We specified what we required—

**Senator FORSHAW**—Which was what?

**Mr Henderson**—and that was influenced by the nature of the meeting: how long the meeting goes; and whether it is a ministerial or senior officials meeting.

**Senator FORSHAW**—With regard to the Canberra meeting, are you able to tell us the numbers that you specified that you required in terms of both drivers and vehicles?

**Mr Henderson**—No. As a result of the questioning last time, we have a detailed breakdown of the costs for transport for that meeting. As to the actual number of drivers, Mr Harper has mentioned how many drivers came from outside of Canberra, but we do not have the total number of Comcar drivers that were driving for us at the senior officials meeting.

**Senator CHRIS EVANS**—You said that you needed 35 cars. We talked about 21 vehicles previously. On notice you got back to me and said that the task force had provided 35 hire vehicles driven by Comcar drivers through a whole-of-year contract with Hertz. You broke that down and described who they drove for. That included three as contingency vehicles. I presume that means that you had 35 drivers and 35 vehicles. Because you are doing an around-the-clock operation you might have more, I suppose. Anyway, what were the transport costs associated with the Canberra meeting? You said you had that figure.

**Mr Henderson**—Yes. It was \$540,000.

**Senator CHRIS EVANS**—It was \$540,000 for—

**Mr Henderson**—For car hire it was \$97,000; for buses, \$138,000; and, for Comcar, \$304,000. That does not include the travel or the allowances for the interstate Comcar drivers.

**Senator CHRIS EVANS**—Do you have that figure?

**Mr Henderson**—No, we do not have it separately identified. It was part of what we called our travel costs. That includes not just Comcar drivers but also task force staff. As well as task force staff, it includes liaison officers that are provided by the host departments, which, in the case of the Canberra meeting, would have been possibly nonexistent or nil because the host department for the senior officials meeting is the Department of Foreign Affairs and Trade. Of course, the relevant staff for that would be located here in Canberra, I would expect, almost entirely.

**Senator CHRIS EVANS**—So we have a \$540,000 figure, putting aside the cost of the task force and the Comcar drivers' expenses. This is obviously a figure greater than the three-month figure of \$584,000 that was given to us for November, December and January. I am just trying to reconcile how they relate to each other.

**Mr Henderson**—I think we are mixing up two things. The \$540,000 relates to what we call travel for the task force—airfares and allowances. Are the monthly figures the ones that you were referring to earlier?

**Senator CHRIS EVANS**—Yes.

**Mr Henderson**—They relate to essentially airfares and hotel or apartment accommodation. That is one figure that you were given. The transport figure you just asked me for in relation to the senior officials meeting in Canberra related to buses, car hire and the fees under the contract with Comcar.

**Senator CHRIS EVANS**—I am sorry—I may be dense, but I am not getting this. You gave me the APEC task force travel expenditure from 1 November 2006 to 31 January 2007 in a written answer on notice. That was \$584,000.

**Mr Henderson**—Yes.

**Senator CHRIS EVANS**—That task force travel expenditure included international air travel, domestic air travel, ground transport, accommodation and meals. Are you saying those figures you gave me for Canberra are some sort of different definition of costs?

**Mr Henderson**—Yes. That could be our staff having preliminary discussions with local venues or police, in association with all our meetings. It could be people going to Perth,

Darwin and Hobart. The ground transport associated with travel would probably be cabcharge, getting from an airport to a venue or a hotel or something like that.

**Senator CHRIS EVANS**—Is the figure for the Canberra event of \$540,000 for transport in addition to the \$584,000 for the three months from November to January?

**Mr Henderson**—Yes.

**Mr Harper**—Correct.

**Senator CHRIS EVANS**—The event was at the end of January?

**Mr Henderson**—During January. It went from the middle to the end of January.

**Senator CHRIS EVANS**—So the figure you gave me in the answer in terms of that three-monthly expenditure did not include the Canberra event. That is a separate cost item?

**Mr Harper**—It includes the travel relating to the Canberra event as in staff travel, air fares et cetera, but not the transport provision for the meeting itself.

**Senator CHRIS EVANS**—Does it include the accommodation and meals associated with staff attending?

**Mr Harper**—Your three-month figure does.

**Senator CHRIS EVANS**—So in addition to the three-month figure, the only extra costs that are travel and transport related are the ground costs of car hire—\$97,000. What was the \$138,000 for?

**Mr Harper**—Buses.

**Senator CHRIS EVANS**—Is that hire and staffing costs?

**Mr Henderson**—Do you mean bus and driver?

**Senator CHRIS EVANS**—Yes.

**Mr Henderson**—Yes.

**Senator CHRIS EVANS**—Also, \$304,000 to Comcar.

**Mr Henderson**—I should have read out \$305,000.

**Senator CHRIS EVANS**—Which is a payment to Comcar for providing their services to APEC for that meeting?

**Mr Henderson**—Yes.

**Senator CHRIS EVANS**—But that does not include the travel allowances et cetera for drivers which would have been included in your three-month figure. Is that right?

**Mr Henderson**—Yes.

**Mr Harper**—Yes.

**Senator CHRIS EVANS**—So it is fair to say that the costs for transport and travel are the \$584,000, plus \$540,000 for the Canberra event. That is not double counting?

**Mr Henderson**—To the extent that that travel—air fares, hotels et cetera—is not exclusively the Canberra event.

**Senator CHRIS EVANS**—No. I am just making sure that if I add \$584,000 and \$540,000 I am not double counting. These are separate costs.

**Mr Henderson**—Yes.

**Senator CHRIS EVANS**—I have taken your point about what they are for. I am not trying to say they are all for Canberra. They are separate costs?

**Mr Henderson**—That is right.

**Senator CHRIS EVANS**—So what are the total travel costs for the task force likely to be over the financial year?

**Mr Harper**—I do not have a forward projection. It is in the order of \$3.1 million for this financial year.

**Senator CHRIS EVANS**—That is just for task force members?

**Mr Harper**—The same logic applies. It also includes Comcar drivers and host department liaison officers where applicable.

**Senator CHRIS EVANS**—And that is their travel costs and TA, effectively, is it—accommodation and meals? Or is that separate?

**Mr Harper**—I think that is separate. I would have to check that.

**Senator CHRIS EVANS**—What is your budgeted figure for accommodation and meals in addition to the \$3.1 million for travel?

**Mr Henderson**—For the whole year? We do not have an answer to that readily available. In your previous questions to us, certainly at the last estimates hearings, you focused on Canberra. We have transport costs—Hertz, Comcars, buses et cetera for the senior officials meeting in Canberra, the mining meeting in Perth, the small and medium sized enterprise meeting and the transport ministers meeting. So we were ready on that score. If you want to know the total likely expenditure for 2006-07 in respect of travel, primarily airfares, and also transport—Comcars, buses, Hertz et cetera—we can provide you with that information separately, if that is what is actually critical to you.

**Senator CHRIS EVANS**—Well, I was just given a figure of \$3.1 million by Mr Harper.

**Mr Henderson**—Yes.

**Mr Harper**—That is for travel—for airfares, taxis and that kind of expenditure.

**Senator CHRIS EVANS**—And you are able to get me the costs, on notice, for those other categories such as accommodation and meals et cetera for the year? You do not have those with you now?

**Mr Harper**—No, I do not. But, yes, we could take that on notice.

**Senator CHRIS EVANS**—Mr Henderson, given you have done the work preparing for the questions you thought I would ask, why don't you give me those answers? You said you had a break-up of the other events.

**Mr Henderson**—All right. Transport costs—so, we are talking about shuttle buses and cars, whether it is Comcar or Hertz. For the senior officials meeting 1 in Canberra, \$540,000

actual expense—in other words, we have got the bills and paid them. For the mining industry ministers meeting in Perth, \$417,000—that is a combination of actual accounts received, probably paid, and estimated expenses, but it is pretty close to the mark. For the small and medium sized enterprise meeting in Hobart, \$404,000—that is estimated expenses, but the event is behind us. It will be pretty close, but it is not actual payment. For the transport ministers meeting in Adelaide, estimates only again—\$372,000. Now, as I have mentioned in relation to our discussion about the Canberra meeting, that does not include the travel and accommodation, airfares and apartments for drivers who had to come from interstate.

**Senator CHRIS EVANS**—Can you take those costs on notice for me?

**Mr Henderson**—Do you mean the final costs for all of these?

**Senator CHRIS EVANS**—You specified they were accounted separately, the accommodation and meal costs et cetera.

**Mr Henderson**—So you want us to pull—

**Senator CHRIS EVANS**—You said to me they were not included in those transport costs.

**Mr Henderson**—No, they are not. That is possible; it certainly is. Do you need those?

**Senator CHRIS EVANS**—If you haven't got them with you, I am happy to put the question on notice.

**Mr Henderson**—We send 80 to 110 or 120 people interstate. We can pore through those and isolate the Comcar drivers if that is essential.

**Senator CHRIS EVANS**—You can give me the total if you like. I assumed you had a budget for these things.

**Mr Henderson**—We do. But I thought you were after the actual—we are trying to give you the actual costs. For those 10 Comcar drivers in Canberra, if it is essential, we could pore through those details and get them for you—

**Senator CHRIS EVANS**—I am not asking you to do that. I was after the global figures. As you account for accommodation and travel separately, I was asking for the global figures for those for each of the events. You have given me the transport figures and you tell me you—

**Mr Henderson**—We do not have those others.

**Senator CHRIS EVANS**—account for the accommodation and other matters separately. I assume that would all go into a global travel budget, but you are telling me you account for them separately. I am asking you whether, on notice, you can give me those figures—not isolating people out, but the global budget for those matters.

**Mr Henderson**—Do you mean for travel?

**Senator CHRIS EVANS**—I am not quite sure how you define them. You gave me the transport figures.

**Mr Henderson**—It is quite easy for us. We engage our shuttle buses locally for individual meetings. It is quite clear what the bill is for that meeting. In relation to travel, let us take a meeting in Perth. A large number of staff fly out of Sydney to go to support that meeting

during its period. But for six months or more, there have been individuals going over there, planning, negotiating with venues, with police. It is really quite a task to pore through all of those. Are you asking us to provide you—

**Senator CHRIS EVANS**—You have given me the breakdowns for the three months when you were doing that prior to the Canberra meeting. Now you have accounted for your costs on transport separately in relation to the events in each state.

**Mr Henderson**—If you want us to update travel for those three months, yes, we can do that for you, but it will not be related to individual meetings.

**Senator CHRIS EVANS**—No, that is not what I am asking you for.

**Mr Henderson**—We can do that.

**Senator CHRIS EVANS**—No, I said that is not what I am asking you for. I was asking you for the costs associated with each of the meetings. You have given me the transport costs. You are telling me that you account for the accommodation, meals and other costs associated with the event in a separate budget item, separate from transport. I am asking you what the costs of those were.

**Mr Henderson**—All right.

**Senator CHRIS EVANS**—Thank you for that. Do you have a rough idea of the numbers at these various meetings? I know you said you had 1,000 at the Canberra meeting. Are the others as big? What sort of numbers are we talking about at the other meetings?

**Mr Henderson**—Do you mean ministers and delegates who attended them?

**Senator CHRIS EVANS**—Yes.

**Mr Henderson**—I do not have those numbers ready to hand, but we could get those through our accreditation system. We will take that on notice.

**Senator CHRIS EVANS**—Thank you. We are not talking about 1,000 like we had in Canberra, are we? I do not know about Perth because I was here when the Perth one was held.

**Mr Henderson**—Certainly, small and medium size enterprise in Hobart was at the smaller end of the spectrum; transport and mining would be midfield. We will take it on notice.

**Senator FORSHAW**—Are you going to provide those who were attending the meeting from other countries or can you also include those who were there from the relevant Australian departments?

**Mr Henderson**—Yes.

**Senator FORSHAW**—I was not present at the discussion on that last time, but the 1,000 figure was 1,000 delegates.

**Mr Henderson**—Yes. That would include Australian officials.

**Senator FORSHAW**—Total attendance in round figures.

**Mr Henderson**—Yes.

**Senator CHRIS EVANS**—You will give me the numbers of delegates for each meeting, so I will not pursue some of those issues until we get those figures. I will now ask questions



about security arrangements. You have let a contract to provide public safety and control—is that right?

**Mr Henderson**—The PM&C task force is responsible for, in our jargon, tier 1 security. That relates to us engaging guarding companies to provide guards within and around our venues, and they will work in close conjunction with the state and territory police. So there are those contracts. The second element—in fact, the basic element—of our security arrangement is an accreditation system. So everybody has to be accredited and they are subject to—in the case of domestic, whether we are talking about delegates or contractors with their caterers, cleaners or guards—police and security checks before they are accredited. So you need a pass to get into our venues. Beyond that there is a second element to your pass which entitles you to get into particular parts of the venue. So we are responsible for the accreditation system and we also engage the guarding services. The second element of security for APEC events are the services provided by state and territory police, consistent with state constitutional arrangements in the Federation. Then there is the third, counter-terrorism element, which is a combination.

**Senator CHRIS EVANS**—I am asking about contracts in relation to your responsibilities. Have you let contracts for provision of those guard and other services?

**Mr Henderson**—Yes, we have.

**Senator CHRIS EVANS**—Is that a national contract or is it done meeting by meeting?

**Mr Henderson**—Meeting by meeting. There are some contractors that we will be using for more than one meeting; but, no, they are meeting by meeting.

**Senator CHRIS EVANS**—I notice that there is a contract listing for Sydney for \$440,000. Is that the only contract that relates to Sydney?

**Mr Henderson**—I think there is in fact a panel of three providers that we will draw on for Leaders Week.

**Mr Harper**—You are talking about guarding services, Senator?

**Senator CHRIS EVANS**—I notice that you put out a tender entitled ‘Public safety and control’. It included a description of ‘guards, supervision, designation parks, the accreditation process, roster and personnel management systems’ et cetera. One of them lists the Sydney Night Patrol and Inquiry Company—security personnel for SOM: \$440,000 for December 2006 to September 2007. So it seems that you have let that contract to that company. Is that the only contract for Sydney, or are there more?

**Mr Harper**—They actually provided services for SOM1 in Canberra.

**Senator CHRIS EVANS**—I am sorry?

**Mr Harper**—That company, Sydney Night Patrol, provided guarding services for the first senior officials meeting in Canberra in January.

**Senator CHRIS EVANS**—So was that a separate contract to the \$440,000 one?

**Mr Harper**—Yes.

**Senator CHRIS EVANS**—I guess I want you to run me through who you have contracted and for how much.

**Mr Harper**—We have contracted Australian Event Protection for the Perth meeting at \$285,000, SECUREcorp for the SME meeting in Hobart at \$285,000 and Weslo for the transport ministers meeting and SOM2 in Adelaide at \$127,000.

**Senator CHRIS EVANS**—So that is Adelaide, Hobart and Perth. What was the Canberra figure?

**Mr Harper**—\$441,000. That was the first figure you had.

**Senator CHRIS EVANS**—That was for Canberra, not for Sydney—

**Mr Harper**—That is right.

**Senator CHRIS EVANS**—and it is \$441,000?

**Mr Harper**—Yes.

**Senator CHRIS EVANS**—So what about Sydney and Darwin?

**Mr Henderson**—They are to come. Those events have not occurred. We have let contracts for Darwin, and my recollection is that we have let contracts for Leaders Week as well.

**Senator CHRIS EVANS**—What is the contract price for Leaders Week? If you have not let it yet, what was the tender?

**Mr Henderson**—I think we have selected the group of companies that we will draw on. We may not have scoped our precise requirements yet. So these are on a sort of rate card, so to speak. We know how much we are going to pay per person a shift, but I suspect we have not specified exactly how many shifts and how many people we need at this stage for Sydney.

**Senator CHRIS EVANS**—What sort of figure are we talking about as a budget, though? I presume you are employing more than one company for this in part because of the number of people you require. Is that right?

**Mr Henderson**—The information I have here is related to your question. The additional expenditure we required for guarding personnel and equipment was one of the factors that contributed to us requiring an extra \$15.5 million. As I said, we have selected the companies. But, as for how much we need to spend on this, I would rather not disclose that at this stage.

**Senator CHRIS EVANS**—What sort of figure are we talking about? You have been allocated the money; this is going through in the portfolio budget statements. I am not going to hold you to an exact figure, but what sort of figure are we talking about for Sydney?

**Mr Henderson**—It is not that we do not have a figure here; it is the commercial element: we are still to negotiate exactly what we require. It is related to our negotiating situation rather than the absence of a budget. We have the budget here.

**Senator CHRIS EVANS**—I am not trying to tie you to something that would put you at a commercial disadvantage, but are we talking a million, more than a million dollars?

**Mr Henderson**—More than a million dollars. We are talking somewhere between zero and \$10 million, pretty close to the middle.

**Senator CHRIS EVANS**—So it is a very significant sized contract then, in the order of \$5 million—

**Mr Henderson**—You are asking about delegates, and we are going to give you the number of delegates that have attended meetings to date. But our original estimates—and they are very much estimates, based on the numbers that have gone to previous APEC meetings, including Leaders Week—are of the order of 6,000 delegates at all our meetings, interstate meetings. We are expecting of the order of 6,000 in Leaders Week alone. So it is a substantial figure because there are a substantial number of people coming to Sydney.

**Senator CHRIS EVANS**—No, no; I knew it would be. I am not underestimating the size of the security task either. I will come to some of those issues in a minute. All right. So that company are to provide the sort of first-order guarding security. As you say, there is then the state police, and the tourism aspects are covered by others. Are there any other security costs in addition to these that you as the APEC task force will have to meet?

**Mr Henderson**—There is our accreditation contract that we have with Thales, but that is an accreditation system that covers every event. It is the same accreditation system and contract that covers every event, whether we were talking about—

**Senator FORSHAW**—They are the identification aspects—

**Mr Henderson**—Yes.

**Senator FORSHAW**—whether they are readable cards or whatever. I am not sure what you are using and probably do not want to know at this stage.

**Mr Henderson**—It is the same sort of thing as if you wanted to get into this event.

**Senator FORSHAW**—Yes.

**Senator CHRIS EVANS**—What are you doing in terms of vetting security personnel? Obviously that is always an issue for people. I know it has been a huge issue in Department of Defence areas. What protocol do you have in place for vetting the people who will provide the security services?

**Mr Henderson**—If contractors want to work for us, it is part of the contract that their employees will be subject to police security checks and additional intelligence security checks.

**Senator CHRIS EVANS**—How is that working in practice? Do you leave that to the New South Wales police services? You contract a company. What is your role then in ensuring that you are happy with the quality of the security services provided or the clearances?

**Mr Henderson**—If you are talking about the clearances of individuals, the personnel, the Australian Federal Police assist us in doing those checks and we come to judgements as to whether or not we will accept certain personnel. Clearly, we do accept the overwhelming proportion.

**Senator CHRIS EVANS**—I am just trying to get on top of the process. So you are going to actually vet them yourselves? The companies will supply a list of security guards for your approval and you will use AFP and others to provide clearances on them?

**Mr Henderson**—Yes.

**Senator FORSHAW**—What about venues and building facilities within the area that already have security services provided? What is the relationship with those existing security services? I am thinking about, say, hotels, banks and other sorts of buildings that would be within the vicinity and possibly in the lockdown area. I do not know about that specifically. Hotels may have their own security arrangements in place. Are you vetting those companies or personnel as well?

**Mr Henderson**—Regarding people coming to an APEC venue, all staff will be subject to security checks.

**Senator FORSHAW**—I would assume the staff would have to be, but there may be staff of a hotel and there are obviously contractors, and that would include security. This is probably more related to the operational issue. I was going to go to the area of their role, but I will leave that.

**Senator CHRIS EVANS**—I would like to go to the question about armed security. There has been a bit of press coverage et cetera. What protocols will be developed in relation to leaders and delegations bringing their own security guards with them?

**Mr Henderson**—With regard to leaders, there is obviously the size of the delegations. The size of the security staff accompanying leaders varies according to the economy involved. You can imagine large ones bring more.

**Senator CHRIS EVANS**—Sometimes the small economies bring a lot as well because they feel more threat.

**Mr Henderson**—They are at liberty to bring as many security staff as they want. Whether the numbers will gain access to the inner parts of the venues is a matter that has to be discussed with them, namely: are there one, two, six or 10 within arm's reach of the leader as they go into the actual meeting rooms et cetera? They are issues that would be of interest to us, but how many they fly into Sydney is not a matter of interest to us.

**Senator CHRIS EVANS**—What about the question of whether or not they are allowed to be armed? Is that a decision for you or for the New South Wales police?

**Mr Henderson**—It is a matter that economies can take up through the department of foreign affairs, but it is a policy matter for the Attorney-General and his department to make recommendations to the Prime Minister and the foreign minister. So whether foreign security staff bear arms and certain other elements of their equipment is a matter for the Attorney-General.

**Senator CHRIS EVANS**—So it is not for Foreign Affairs; it is for AGs.

**Mr Henderson**—Yes.

**Senator CHRIS EVANS**—You mentioned Foreign Affairs at the start. Do they have a role as well?

**Mr Henderson**—No, if the ambassador or high commissioner want to pursue the question of whether the security staff of their prime minister, president or leader wants to bear arms in Australia, he sends a third-party note to the Department of Foreign Affairs and Trade. That, in a sense, is a process matter. That is the avenue. For the Commonwealth to reach the decision,

the relevant minister is the Attorney-General. It is a matter best directed to attorneys-general, but the basic position has always been—and this is longstanding—that the Australian security services are quite capable of providing a safe and secure passage for leaders that want to visit this country and it is not necessary for them to bear arms.

**Senator FORSHAW**—So that would have been a procedure that was followed when the vice-president visited Sydney not so long ago.

**Mr Henderson**—The same policy and issues for the Attorney to address are relevant to any guest of government or whatever visit.

**Senator FORSHAW**—I appreciate you saying it is the Attorney-General, but while you were here I was wondering whether you knew that—

**Mr Henderson**—Those issues are best addressed with attorneys-general.

**Senator FORSHAW**—There has been speculation, commentary in the media about the arrangements for APEC in Sydney and relating it back to the issues that arose with Mr Cheney's visit to Sydney. That is the reason I asked you, but we can pursue it elsewhere.

**Senator CHRIS EVANS**—What about other equipment? There has been speculation about the President of the United States being accompanied by a helicopter and the jamming of mobile phones and those sorts of issues I have seen some press coverage of. What is the story with those arrangements? Who approves them—is that someone that comes to the APEC task force?

**Mr Henderson**—I offered some comments about firearms, but as I explained before, the task force's business in this is the accreditation system and the guarding services. I think the issues you are now going to are best addressed to attorneys-general. It is outside the task force's bailiwick. It is a matter for them and the New South Wales police.

**Senator CHRIS EVANS**—In terms of any other security related matters, be it equipment to be used et cetera, that is all in the remit of AGs rather than yours, and they advise you of their decisions or something. Obviously, this has implications for you in terms of size of motorcades and whether there are motorcycle riders. All of those sorts of things have an impact on your arrangements.

**Mr Henderson**—They do. We are aware of these issues and, for example, that certain leaders are going to bring their own motor vehicles and things, and that is relevant to us. We have been talking about hiring vehicles and things. But you are going to policy issues and decisions. Questions about who makes decisions about firearms and related things is best handled by AGs.

**Senator CHRIS EVANS**—The decision about how many guard vehicles will be required and the Prime Minister of Britain's motorcade would be a question for AGs to negotiate with our government rather than you, isn't it?

**Senator FORSHAW**—I am not sure the Prime Minister of Britain is coming.

**Senator CHRIS EVANS**—He is not?

**Senator FORSHAW**—It is APEC.

**Senator CHRIS EVANS**—I was deliberately trying not to refer to the President of the United States, who is always the example used.

**Senator FORSHAW**—It will be the new Prime Minister of Britain.

**Mr Henderson**—The size of the motorcades is something we negotiate, but we will be trying to have a pretty standard format. It is something that we would take up with New South Wales police in particular.

**Senator CHRIS EVANS**—But jamming equipment, helicopters, those sorts of things, are not in your bailiwick.

**Mr Henderson**—The jamming things, no, they are not.

**Senator CHRIS EVANS**—The helicopters?

**Mr Henderson**—The New South Wales police have helicopters, and I have no doubt they will be using them during leaders' week.

**Senator CHRIS EVANS**—In terms of delegations using such things, they are not decisions that you are engaged with.

**Mr Henderson**—We would have been discussing them with certain economies—for example, one dimension of this is how many aircraft individual delegations come to Australia with. Some of them have quite a large contingent of aircraft. There is a question of parking facilities for them. There are next to no parking facilities at Sydney airport, so they will be all landing there but they will not be able to stay there. Why I am mentioning it is that, yes, we do engage individual economies on issues related to their security requirements, but at those meetings we would be accompanied by staff from attorneys-general as well. In fact, the PM&C task force in Sydney is collocated with staff from the Attorney-General's Department, the Protective Security Coordination Centre and the New South Wales APEC Police Security Command. So we work in close conjunction with those people.

**Senator CHRIS EVANS**—What is your engagement with the sort of management of road closures or those sorts of requirements? You are obviously providing the security at the venues. Are you involved in the security decisions about outside of the venues?

**Mr Henderson**—Those matters are first and foremost issues for New South Wales. In relation to some of the key decisions, the Prime Minister and the Premier have been collaborating. The first point to make is in relation to the public holiday that has been declared for Friday, 7 September. It is hardly surprising that the New South Wales government is responsible for declaring holidays in New South Wales or Sydney, but there was close consultation between the Prime Minister and Premier on that matter and it is supported jointly. Similarly, most recently, the Prime Minister and the Premier had a meeting last Wednesday where they reiterated the collaborative approach to the events for leaders' week in Sydney and announced that three rail stations on the inner circle loop would be closed during Friday, Saturday and Sunday, 7, 8 and 9 September—that is, Circular Quay, Museum and St James stations.

Again, there was close consultation in regard to that decision. Over the coming weeks and months, the task force will be working closely with the New South Wales police, the RTA and other New South Wales authorities rolling out more detailed information about rail, bus and

ferry timetables. So, yes, we work very closely with them. You can read on the task force website preliminary information about traffic arrangements, and there will also be links to bus, ferry and train websites where you can get the detail.

**Senator CHRIS EVANS**—So, as would be expected, you are working collaboratively. Is there a sort of organisation, group, managing that or is it just done in an ad hoc—obviously it is central to how you are operating, but that is not all done inside APEC. You have got APEC doing its bit and the New South Wales government doing its bit. As you said, quite rightly, there has got to be an interface to all this. What is the formal mechanism for that? You mentioned the Premier and the PM. I am sure they are not sorting out the minor detail. Have you got a working group or is it a separate organisation?

**Mr Henderson**—At the highest level there is an APEC executive committee chaired by the secretary of the Department of Prime Minister and Cabinet, Dr Peter Shergold and, in addition to certain Commonwealth departmental secretaries, it includes the New South Wales Police Commissioner and the Director-General of the New South Wales Department of Premier and Cabinet. So that is at an agency head level. I chair a subordinate committee relating to leaders' week that includes the Deputy Commissioner of New South Wales Police, Mr Andrew Scipione, and two—in Commonwealth jargon—deputy secretaries in the New South Wales Department of Premier and Cabinet, Paul Clark and John Trevillian. And so it goes down the line. At a more detailed level, there are operations groups within the task force and, as I say, we are collocated at 60 Margaret Street in Sydney with the New South Wales police and attorneys-general people. But clearly we will be working with RailCorp and the bus and ferry people to make sure that our messages are clear in relation to timetables. The bottom line is: there will be next to no disruption to ferry timetables or buses. I have already mentioned the three rail stations. They will be on close to normal weekend, long weekend timetables.

**Senator FORSHAW**—You said those stations will be closed down—was it St James, Museum and Circular Quay?

**Mr Henderson**—Yes.

**Senator FORSHAW**—Obviously, trains will still be running through those stations; they will just not stop—is that the story?

**Mr Henderson**—That is right.

**Senator FORSHAW**—So Wynyard and Martin Place will still be open normally.

**Mr Henderson**—Yes, and Central.

**Senator FORSHAW**—And Central, yes. Remind me, what are—I think I read this recently—the boundaries of the area?

**Mr Henderson**—You did read it.

**Senator FORSHAW**—Was it correct?

**Mr Henderson**—It was pretty close to the mark, yes.

**Senator FORSHAW**—I do not want you to tell me something that you should not tell me, but I am from Sydney and I am just trying to get—

**Mr Henderson**—What you read about would have referred to north of King Street, east of George Street, west of Macquarie Street and south of Alfred Street. But, of course, the Opera House itself, New South Wales Government House and the Sydney Convention and Exhibition Centre will—

**Senator FORSHAW**—That is all right.

**Mr Henderson**—But that significant CBD area bounded by those streets I mentioned is not literally a lockdown area; it is a restricted zone. They are elements that will be made much clearer and in plenty of time for businesses and residents to get a handle on. There is a lot of media talk about disruption and frustration. All the messages that we have had from organisers of major events in Sydney are that, if you get the messages out there in a timely and clear-cut fashion, people know how to take advantage and how to avoid frustration. Some people have chosen to do that. My favourite example is the Wyong Racing Club, which has rescheduled the Wyong Cup from 5 and 6 September to 6 and 7 September.

**Senator FORSHAW**—I will make a note of that.

**Mr Henderson**—The chief executive asked me whether I could arrange for a president or a prime minister to present the cup on the Friday and I said, ‘Don’t hold your breath.’

**Senator FAULKNER**—Are you available yourself to present the cup, Mr Henderson, if a president or chief minister is not available?

**Mr Henderson**—No, but I should check whether Senator Faulkner is available.

**Senator FAULKNER**—I will certainly consider it. I do not think the Wyong Racing Club would want me somehow.

**Senator FORSHAW**—It is probably in your duty electorate, Senator.

**Senator CHRIS EVANS**—I am sure that if they could not have Mr Howard they would take Senator Minchin as a second best option. He is looking keen.

**Senator Minchin**—Let’s be fair, third best option.

**Senator FAULKNER**—Mr Tuckey likes horses. That is not all he likes. But no-one likes Mr Tuckey; that is the problem we have, including the Wyong Racing Club.

**Senator FORSHAW**—They would have a lockdown in Wyong if he were coming, I can tell you.

**Senator CHRIS EVANS**—He has certainly failed to be re-elected to the West Australian Turf Club in recent times. Mr Henderson, what of this report of the New South Wales Business Chamber complaining about the lack of information on the APEC meeting and the fact that they have allegedly written to the Prime Minister’s department about that? Have they written to the department?

**Mr Henderson**—They did write and we have written back and subsequently have been in contact with them. They are quite satisfied with the arrangements that will be made for the provision of information. We need to bear in mind that the benchmark is not the numbers of people you expect normally in the CBD from Monday to Friday; it is a long weekend. I am a resident of Sydney CBD at the moment, and it is obvious that there are a lot fewer people around at the weekends than there are midweek. We will make it clear where people can and



cannot go. One of the first groups that we need to get clear information to are businesses in the CBD, and we will be providing that.

**Senator CHRIS EVANS**—When did the New South Wales Business Chamber write to the Prime Minister? Do I take it from what you have said that this is old news?

**Mr Henderson**—Old news?

**Senator CHRIS EVANS**—You have said that they are now quite happy that they have been contacted.

**Mr Henderson**—Our general manager for media and communications has been in contact with Mr MacDonald.

**Senator CHRIS EVANS**—I guess that is why I am asking whether that was recently or was it some time ago?

**Mr Henderson**—Some time ago. We spoke to Mr MacDonald soon after a news report relating to the correspondence.

**Senator CHRIS EVANS**—So you had not responded to his correspondence, only to the news report.

**Mr Henderson**—Dr Shergold responded to his letter.

**Senator CHRIS EVANS**—Prior to the news report?

**Mr Henderson**—Yes, prior.

**Senator CHRIS EVANS**—So can you give me a rough idea of when they wrote? Are we talking April or May last year?

**Mr Henderson**—No.

**Senator CHRIS EVANS**—The news report was 1 May.

**Mr Henderson**—Probably April, maybe March. I am trying to see where I might have that letter. I will try to get that. Somebody is probably watching and can see that I cannot quickly locate that letter. The date is on it and we will try to provide that before we disappear today.

**Senator CHRIS EVANS**—Thank you for that. I take you now to the most important issue that we discussed last time, which was the national dress to be worn at the APEC leaders' meeting. I think last time you told me that you had selected the provider but that the Prime Minister had not finally ticked off on the design. Has that now occurred?

**Mr Henderson**—I do not think you could say that the final tick off has occurred, no, but we are on track. We will be ready in time.

**Senator CHRIS EVANS**—Last time you told me it would be in a month or so. Has that been delayed, or are you just talking about the final nuancing of the design?

**Mr Henderson**—Yes, that is an accurate way to capture the situation.

**Senator CHRIS EVANS**—Once that is finalised, the Prime Minister formally approves the design of the national uniform?

**Mr Henderson**—Yes.

**Senator CHRIS EVANS**—When do you expect that decision?

**Mr Henderson**—Quite soon. But, to quote him at his joint press conference with Premier Iemma last Friday, in response to a question he said: ‘You’re trying to get me to give a sneak preview of the gear. Well, all I can say is it will have a distinctly Australian flavour and I’d better say no more than—’. He was not allowed to finish the answer.

**Senator FAULKNER**—I have asked you this before and you seem very reluctant to cough up the information for some reason or other, but which companies—

**Mr Henderson**—Senator, you trapped me last time and I understand—

**Senator FAULKNER**—I have never trapped anyone.

**Mr Henderson**—that after I left you speculated—

**Senator FAULKNER**—Did I? I am not going to trap you again?

**Mr Henderson**—I am not going to fall for the same trick twice.

**Senator FAULKNER**—Senator Minchin always falls for the same trick twice.

**Senator Minchin**—Mr Henderson is much smarter than I am though.

**Senator FAULKNER**—Why are we not providing this information publicly? What is the reason? Is there not a public interest here?

**Mr Henderson**—The tradition is that it is a surprise. I was very relieved to see that the Senate authorities did regard it as a novel reason for not answering the question, but in the circumstances—

**Senator FAULKNER**—To make it a surprise, yes.

**Mr Henderson**—But in the circumstances they appeared to suggest that they would let this one through without reprimanding me.

**Senator CHRIS EVANS**—You would not want to use the fear of surprise as a reason for not answering questions at estimates, given that many of the answers are a surprise both to the committee and often to the minister.

**CHAIR**—This is not the fear of surprise; it is to maintain the surprise.

**Senator FAULKNER**—Moving aside from the company that you have chosen, what are the costs involved? You can minimise the surprise by telling us what the taxpayer is up for.

**Mr Henderson**—I do not have the budget here for that. Unless Mr Harper tells me to the contrary—he could know.

**Senator CHRIS EVANS**—You have told us what it costs—

**Mr Henderson**—Items of national dress for 21 leaders will be a very modest budget.

**Senator FAULKNER**—Is it very modest clothing?

**Mr Henderson**—It will be quality, distinctively Australian clothing.

**Senator FAULKNER**—But at a modest price, and that is all you are willing to say.

**Mr Henderson**—Yes.

**Senator CHRIS EVANS**—How much can 21 loud shirts cost?

**Senator FAULKNER**—Who has actually been involved in the design of this?

**Mr Henderson**—As you would expect, we have been consulting the Prime Minister. As he revealed at the press conference, he has also been consulting Mrs Howard on this particular issue.

**Senator FAULKNER**—I am always respectful of Mrs Howard, but I am not entirely certain that Mrs Howard has any particular clothing design credentials—no more than perhaps others have—and I am not critical in that regard. I appreciate that Mrs Howard has an involvement and you told us that before. I accept that and I am not critical of that at all. But are there any professional clothes designers involved in this? I do not think I can properly describe the Prime Minister or Mrs Howard as professional clothes designers and I am sure they would not expect me to.

**Mr Henderson**—The companies have engaged professionals, to state the obvious, I guess.

**Senator FAULKNER**—The companies have?

**Mr Henderson**—Yes.

**Senator FAULKNER**—The companies that have been contracted to make the clothing?

**Mr Henderson**—There are professionals involved in preparing the sample designs for the Prime Minister and Mrs Howard to consider.

**Senator FAULKNER**—But are you saying that the actual choice is being made by the Prime Minister and Mrs Howard?

**Mr Henderson**—Yes.

**Senator FAULKNER**—Really? On the basis of designs provided by people in the industry?

**Mr Henderson**—Yes.

**Senator FAULKNER**—How many separate clothing designers or manufacturers have you gone to to provide these designs to Mr and Mrs Howard?

**Mr Henderson**—I would have to check. At the very beginning I am not sure. The field is narrowing down as we hone the finished product.

**Senator FAULKNER**—Are any such companies, fashion consultants or whatever the correct terminology is—I am not really an expert in the fashion area myself, as is obvious—

**Senator FIERRAVANTI-WELLS**—Is that a concession, Senator Faulkner?

**Senator FAULKNER**—No. Be fair. It is not a concession; it is just absolutely obvious. No-one has ever suggested that I have been and I do not pretend to be for one moment. Do you ask the fashion experts or manufacturers that you have gone to to sign a confidentiality agreement? You will not tell a Senate estimates committee what is going on; Mr Howard will not say publicly. We have been pretty generous about this. As you said before, 'Keep it all a secret'—well, fair enough. But what about these other people; are you absolutely confident that they will keep it a secret—in other words, the professionals in the fashion industry?

**Mr Henderson**—I do not think there is anything unique in our expecting contractors we are negotiating with to treat confidentially the details of what the Commonwealth is negotiating. That is not unique to this item of national dress.

**Senator FAULKNER**—But surely the situation—

**Mr Henderson**—So the answer is yes, we do expect them to treat it confidentially. But that would apply to any of the contractors in relation to APEC or whoever the Commonwealth is contracting with at this point. But, clearly, on 9 September everybody will know what the finished product looks like and not just this Senate committee. I would be hopeful—

**Senator CHRIS EVANS**—You told us last time, though, that you had selected the provider. I am not sure what your evidence is today. Last time you told me you had selected the provider and you did not want to tell us because the name would give it away.

**Mr Henderson**—What is the question?

**Senator CHRIS EVANS**—So you actually have finalised the provider?

**Mr Henderson**—No, I thought Senator Faulkner was asking me how many people have been involved. I can recall off the top of my head that there were at least two at one stage. Whether at an earlier stage there were more than two, I am not sure. But we are now down to one provider. The actual details of the garment that will be worn by leaders are not finalised.

**Senator CHRIS EVANS**—I just want to be clear. You are confirming you have selected the provider; you are arguing about the detail of the design or the actual—

**Mr Henderson**—Finalising it.

**Senator CHRIS EVANS**—Yes, but not the provider.

**Senator FAULKNER**—And the concern you expressed before, as I understand it, is that if you identify the provider, in broad terms the nature of the garment might be understood by people. That is what you told us last time, isn't it?

**Mr Henderson**—It is.

**Senator FAULKNER**—Yes. So my question went to whether there were any special efforts. You are not telling this Senate estimates committee how much this is going to cost or the nature of the garment—fair enough, we ride with that; we understand that these are particular circumstances and that Mr Howard has not made it public. Again, if that is the tradition I think most people can accept it. My question goes to the extent to which we can be satisfied that the manufacturer who is preparing the garment is making special efforts with regard to confidentiality. I do not want the situation where you to refuse to tell us but have someone blurt it out elsewhere. Can you give me that assurance?

**Mr Henderson**—Yes, but I am not giving you the assurance that this is something special. It is a standard feature of Commonwealth contracting.

**Senator FAULKNER**—It is not a standard feature of Commonwealth contracting. You do not contract for a printer to keep as a massive secret the type of printer, or a car supplier to keep as a massive secret the type of car. That is just nonsense, Mr Henderson.

**Mr Henderson**—We are in the process of negotiations. Obviously, I do not have a pro forma contract here. However, if we, the APEC task force, the Department of Defence or the tax office or whoever is contracting for services, we do not expect the parties we are negotiating a contract with to put in the local newspaper what that Commonwealth department is demanding of you or expecting in terms of the price—

**Senator FAULKNER**—No, I understand that.

**Mr Henderson**—or the details of the product or service they are procuring.

**Senator FAULKNER**—I understand that, but there seem to be special secrecy requirements about these clothes. It would be a disaster if anybody found out what these leaders would be wearing, wouldn't it? It sounds like it would just be a terrible thing!

**Mr Henderson**—I have never said it would be a disaster.

**Senator FAULKNER**—It sounds like it would be, because it is all so secret.

**Mr Henderson**—I said it would remove the element of surprise that has been the feature of these things. I have never used the word 'disaster'.

**Senator FAULKNER**—Let's use the word 'surprise'. It would be unfortunate if it were not a surprise, wouldn't it?

**Mr Henderson**—It would. I would be very disappointed, spending all my time battling away with you—

**Senator FAULKNER**—You are keeping it secret from us and from the Australian public. I hope you are making some special efforts with the manufacturer to make sure it is a secret.

**Mr Henderson**—I am sure the manufacturers are conscious of the situation.

**Senator FAULKNER**—I am pleased to hear that assurance. I do not think the issue of the clothes that the leaders wear, I have to say, Mr Henderson, is a make or break issue.

**Mr Henderson**—I have not been putting it in those terms.

**Senator FAULKNER**—So you and I find ourselves in agreement on that particular matter, as we so often do. In terms of the actual manufacture of the garment, do the world leaders provide their measurements? Does someone measure them up and send the measurements off to the secret company that is preparing the clothes; is that how it works?

**Mr Henderson**—Yes, we have to get information, as you can see from previous—

**Senator FAULKNER**—You would not want ill-fitting secret clothes!

**Mr Henderson**—No, we certainly would not. The physical dimensions of APEC leaders, you will see, varies quite considerably, Senator.

**Senator FAULKNER**—Yes, I am sure it does. Are those physical dimensions of APEC leaders also a state secret? I hope you are going to keep them under lock and key too!

**Mr Henderson**—It is quite likely they are state secrets, actually.

**Senator FAULKNER**—Do they go to you or the manufacturer?

**Mr Henderson**—They would go to the manufacturer. We would probably provide them.

**Senator FAULKNER**—It sounds like it is in excellent hands; that is all I can say. I am very relieved to hear that.

**Mr Henderson**—I am glad to be able to reassure you on that.

**Senator FAULKNER**—You have, as you so often do.

**CHAIR**—Any other questions on APEC? Senator Evans.

**Senator CHRIS EVANS**—I think it would be very hard to top that line of questioning on APEC. That might be a good note on which to end.

**CHAIR**—Senator Allison did have some questions on APEC.

**Senator ALLISON**—My questions are about the organisation of the September APEC conference and in particular the projects administered by APEC and AP6. I understand that climate change is going to be a central issue to be dealt with in September. Is that so?

**Mr Henderson**—If you are going to address questions relating to the substance of the agenda, it is probably best that you direct those to Mr Borrowman, who is the head of the International Division. The PM&C APEC task force is responsible for the logistics and the event management dimensions rather than the substantive details. You are right: in his letter dated 31 March inviting leaders to the meeting, the Prime Minister identified climate change as an issue he wanted to address. But, if you want to pursue that, it is probably best to direct that question to Mr Borrowman.

**Senator ALLISON**—Is there a group of staff at PM&C, a team, that has a particular responsibility for logistics?

**Mr Henderson**—That question is for Mr Borrowman.

**Mr Borrowman**—As Mr Henderson has said, the Prime Minister has written to his fellow leaders and announced his intention to make clean development and climate change a key topic for discussion. The work bringing that together is really being conducted by the various parts of the Commonwealth bureaucracy, departments including PM&C, which handle these matters.

**Senator ALLISON**—How many staff within PM&C are dealing with this aspect of APEC?

**Mr Borrowman**—I do not think it would be possible to give a particular number who are dealing with this aspect of APEC because, as I say, it is part of a broader effort which will emerge from the collective efforts of these people. There is no specific number of people dedicated within PM&C to produce a climate change outcome from APEC. There are a total number of people who could work on climate change—

**Senator ALLISON**—Who is co-ordinating that effort? Is that being done through PM&C?

**Mr Borrowman**—It is being done through PM&C.

**Senator ALLISON**—There is not a co-ordinating team? It is hard to see how this can come together if you have people from different departments.

**Mr Borrowman**—We have started the process of holding meetings to put flesh on the bones of this initiative. I should say, of course, that it was a matter that officials were tasked at

last year's APEC meeting to start working on. We will be building on that as well. PM&C is performing its normal co-ordinating role with the various agencies that are involved in this subject matter.

**Senator ALLISON**—So a number of meetings have been held already?

**Mr Borrowman**—A small number of meetings have been held already.

**Senator ALLISON**—Are they in Canberra or do they travel around?

**Mr Borrowman**—In Canberra.

**Senator ALLISON**—Are they all based in Canberra?

**Mr Borrowman**—Well, it is probably fair to say there has been only one meeting specifically on this issue and it was held in Canberra.

**Senator ALLISON**—When was that?

**Mr Borrowman**—It would have been last week; I am not exactly—

**Senator ALLISON**—It does not sound like you are very well advanced for planning the meeting, given that it is coming up in a few months time.

**Mr Borrowman**—No, I would not agree with that at all. The APEC officials have been tasked with working on energy issues since the meeting in Hanoi. That is a question on which DFAT has policy responsibility. In this initiative, we will be bringing together work that has been done across a whole range of departments and has been underway for quite some time.

**Senator ALLISON**—There has been one meeting so far in Canberra. Are more planned; will they be regular?

**Mr Borrowman**—There will be more meetings. As far as I am aware, there is not a particular one scheduled at the moment.

**Senator ALLISON**—So it is ad hoc?

**Mr Borrowman**—At the moment I would say it is ad hoc, yes.

**Senator ALLISON**—Is there a budget for consultants to advise in particular areas of this part of APEC?

**Mr Borrowman**—I can answer that question specifically only in respect of an APEC initiative that may or may not come out that will come out of APEC. The answer is no, there is not a consultancy budget for that. That is not to say—you would have to ask other parts of the bureaucracy—that there are not consultancy budgets for other work on climate change.

**Senator ALLISON**—So the consultancies may be commissioned by departments, but PM&C does not have a budget for it?

**Mr Borrowman**—Not specifically in respect of the APEC climate change agenda.

**Senator ALLISON**—Are you aware of any other consultants working with other departments?

**Mr Borrowman**—I am not aware of it, no.

**Senator ALLISON**—Is the interdepartmental process producing work plans in the lead-up to APEC?

**Mr Borrowman**—We discussed a way forward. If you were to characterise it as a work plan then the answer would be yes. But, as for sitting down and doing a time line or flow chart, the answer is no.

**Senator ALLISON**—Is it possible to get a grasp on what that way forward is—what has been achieved so far in those meetings?

**Mr Borrowman**—That question would be better directed to the people who are working on climate change. As I said, my involvement in this is from the APEC side of the shop rather than the climate change side.

**Senator ALLISON**—Yes, I understand. But presumably PM&C is interested in the process, how it will work and how you pull together disparate groups to get some sort of plan going. What is your view of progress so far?

**Mr Borrowman**—You have asked me for a view. I cannot give you a view; I can describe, as I have, the fact that we have had one meeting specifically to consider this question. As I have said, it would tap into a variety of work that has already been done. Obviously we have a target date in early September, and the process will be tailored to deliver to that date.

**Mr Borrowman**—I cannot answer that. I do not know whether there are any advisory panels. As I say, I do not deal specifically with the climate change part of it, other than in the APEC sense.

**Senator ALLISON**—What is the purpose of this group then that has met once and discussed a way forward? I am having trouble grasping what it is actually going to achieve.

**Mr Borrowman**—It will shape the outcome for APEC on climate change.

**Senator ALLISON**—But we do not know whether it has got consultants or whether an advisory panel has been appointed. Are you able to tell us any more about that?

**Mr Borrowman**—I can tell you that, with respect to the meeting we had last week, there is no advisory panel and there are no consultants. As I say, given that a lot of this work is going on elsewhere in the bureaucracy and has been for some considerable time, I cannot speak about those parts of it which may indeed have those components that you speak about.

**Senator ALLISON**—It is hard to get a grasp on what this group actually does. Are you able to talk about the projects that AP6 has committed so far?

**Mr Borrowman**—No, I am not.

**Senator ALLISON**—Does PM&C have anything to do with that?

**Mr Borrowman**—DFAT would be the best agency, I think, to answer that.

**Senator ALLISON**—Does PM&C have any involvement?

**Dr Morauta**—Hugh, who leads the policy work for APEC?

**Mr Borrowman**—DFAT is the designated lead policy agency in the Commonwealth for APEC matters.



**Dr Morauta**—For all policy issues for APEC?

**Mr Borrowman**—Yes.

**Dr Morauta**—I think why it sounds funny is that we are not the actual central driver of this, in some ways. I think DFAT carries all the policy issues that are on the agenda for APEC. Can you describe that a little more clearly?

**Mr Borrowman**—As I say, DFAT is the lead agency within the Commonwealth for APEC policy matters. You have asked about an AP6 matter, which is a different question again. Insofar as you want to know about AP6, that would be handled by another colleague.

**Dr Morauta**—We are trying to get another officer to the table to talk about this. We are passing the parcel around. Could you repeat the question about AP6 policy work?

**Senator ALLISON**—Yes. My question is about the progress on the 100 projects committed by AP6 so far. I am actually looking for a breakdown, if it is possible, of one of those projects into different sectors—energy sectors, solar projects, clean coal and forestry. Is it possible to do that?

**Dr Dickson**—I will have to take that on notice. I do not have the detail here with me. The AP6 deals with the clean coal and the energy technologies. It does not cover the forest issue. Are you talking about the new forest initiative announced by the government?

**Senator ALLISON**—Is that part of AP6?

**Dr Dickson**—AP6 covers technology issues. It deals with energy technology primarily.

**Senator ALLISON**—Does that cover the agreement with Indonesia on the forestry project? Is that APEC and not AP6?

**Dr Dickson**—The forestry initiative that was announced by the government about a month ago is not part of the AP6 initiative, which has been underway now for about 18 months. On the AP6 initiative, I can provide the detailed breakdown on notice. It is mainly the Department of Foreign Affairs and Trade and the Department of Industry, Technology and Resources that manage the interaction on the program. We do not have a significant role, but we can get the details on that for you.

**Senator ALLISON**—So PM&C had nothing to do with that forestry announcement in Indonesia?

**Dr Dickson**—We were involved in working with DFAT and with the Department of the Environment and Water Resources on the forestry initiative.

**Senator ALLISON**—Are you able to speak about that initiative?

**Dr Dickson**—Yes, did you want a detailed breakdown on that one? It has only just been recently announced. No details have been announced yet.

**Senator ALLISON**—When will details be released?

**Dr Dickson**—The initiative is only in its early stages. It is being managed primarily by the Department of the Environment and Water Resources. They could probably give you the update of how far they have got over the last few weeks. I understand they are undertaking discussions with other countries on the details of that initiative and its progress.

**Senator ALLISON**—Is this outside the AP6?

**Dr Dickson**—It is separate from the AP6 initiative.

**Senator ALLISON**—Is there a difference between separate and outside?

**Dr Dickson**—It is just a matter of semantics, I guess. The AP6 initiative, which was announced about 18 months ago, is a different initiative to the forestry one. It is separate, outside.

**Senator ALLISON**—With respect to the AP6 projects, are there any overriding principles like the cost of carbon or carbon abatement? Are those kinds of rules, if you like, established or is it too early for that?

**Dr Dickson**—We have not been involved in the detail of the running of this project since its early establishment. It is probably best to direct those questions to DITR, who are the lead agency on it. They would be able to give you the rules of engagement and the details of the projects and so on.

**Senator ALLISON**—Have some work plans been developed by AP6 on those projects yet?

**Dr Dickson**—I understand so, but, again, the question is probably best directed to DITR. As I said before, they are the lead agency and they work with DFAT on that.

**Senator ALLISON**—What about questions of the level of abatement expected to be delivered by 2010?

**Dr Dickson**—Again, that is a question for DITR, I think, rather than us.

**Senator ALLISON**—Were there no targets or objectives set for AP6?

**Dr Dickson**—The AP6 initiative was one of working in cooperation with the six countries in technology development on those sorts of projects. It was a cooperative, collaborative arrangement.

**Senator ALLISON**—But there is no target for abatement?

**Dr Dickson**—It was not a target driven exercise. It was an exercise in joint collaborative technology development and transfer.

**Senator ALLISON**—If the objectives were not abatement, what were they?

**Dr Dickson**—I think you will have to go back to the original announcement of AP6. I do not have it with me, but we can certainly provide you with the original announcement which will run through all those. That was about 18 months ago. If you want to follow up on the details of the projects, I would suggest talking to DITR.

**Senator ALLISON**—Is that a piece of information?

**Dr Dickson**—No.

**Senator ALLISON**—Is there a target for energy efficiency within these projects?

**Dr Dickson**—Energy efficiency is obviously one of the issues that is being explored through the projects, but, again, as far as I understand, there is no target. You really need to talk to DITR on that one.

**Senator ALLISON**—What is PM&C responsible for with regard to AP6?

**Dr Dickson**—We were involved in the initial establishment of the initiative 18 months ago.

**Senator ALLISON**—You do not have any further involvement? What is your ongoing role?

**Dr Dickson**—We keep being updated by DITR, DFAT and the Department of the Environment and Water Resources on the progress and the projects, and we get advised by those departments when there are announcements. We do not have any involvement in the running of the initiative per se, in the same way as those departments do.

**Senator ALLISON**—Does the advice you receive on progress go any further? Does that advice become public?

**Dr Dickson**—There have been quite a few announcements over the life of the initiative. That is when they become public.

**Senator ALLISON**—How frequently do you get updates? Do you prepare a progress report on a regular basis?

**Dr Dickson**—I couldn't say exactly how frequently. We are kept reasonably well-informed as there are developments more than anything else. If there is a particular development, we would be kept informed of that.

**Senator ALLISON**—There has been a suggestion in the press that AP6 might be a vehicle for promoting international emissions trading. Is that the case? Where are we up to with emissions trading?

**Dr Dickson**—I cannot answer that. You are saying that is speculation in the press?

**Senator ALLISON**—I am just asking you if it is right.

**Dr Dickson**—I cannot comment. I know nothing of that speculation. It is just press speculation.

**Senator ALLISON**—Is there discussion at AP6 about emissions trading?

**Dr Dickson**—As far as I am aware there is not, but then again we are not the lead agency on that. You need to talk to DITR.

**Senator ALLISON**—So in their progress reports to you, there have been no indications of work done on emissions trading?

**Dr Dickson**—No, there have not.

**Senator ALLISON**—How frequently do you get the progress reports? Are they formal documents or are they combined across departments?

**Dr Dickson**—I cannot think of any formal documents right off the top of my head. I can certainly check on whether we do have any formal progress reports, but we do get briefed by those agencies on progress from time to time.

**Senator ALLISON**—When is it decided that you need a brief? Is it just before an announcement?

**Dr Dickson**—No, it is usually initiated by the department to advise us on the last round of meetings or developments.

**Senator ALLISON**—I think I will put the rest of my questions to the department of industry. Is the Department of Foreign Affairs and Trade involved in this as well? Who has responsibility for—

**Dr Dickson**—Primarily the ITR is the lead agency, but the Department of Foreign Affairs and Trade is also involved from time to time.

**Mr Henderson**—I can provide some additional information. Senator Evans, we had a conversation about correspondence between Mr Kevin McDonald, the CEO of New South Wales business chamber, and the secretary of the department, Dr Shergold. Mr McDonald wrote to the secretary on 16 April and the secretary replied exactly one week later on 23 April. I mentioned that the task force staff had been in contact with the business chamber. That is confirmed. We agreed that our business relations and our media people would provide a briefing session for the business chamber. We have not settled on a date for that yet, but that has been agreed. Another issue relates to questions that Senator Faulkner raised. I have been assured that there is a confidentiality clause in the agreement between the task force and the manufacturers of the official outfit. The last thing is that I thank the committee for agreeing to have APEC Taskforce the first cab off the rank this afternoon.

**Senator FAULKNER**—Mr Henderson, before you go, at this stage are there any no-shows in terms of heads of government or are you expecting the full complement to be present?

**Mr Henderson**—We are expecting the full complement.

**CHAIR**—Thank you, Mr Henderson.

[5.28 pm]

#### **Office of the Official Secretary to the Governor-General**

**CHAIR**—I welcome Mr Hazell and other officers from the Office of the Official Secretary to the Governor-General. Mr Hazell, I think you are aware of the opening statement that is read at the commencement of the hearing each day and the contents of that. Do you have an opening statement that you would like to make?

**Mr Hazell**—No, not today, thank you.

**Senator FIERRAVANTI-WELLS**—Mr Hazell, on the last occasion I think Senator Bob Brown asked you some questions about the administration of honours.

**Mr Hazell**—Yes, that is right.

**Senator FIERRAVANTI-WELLS**—I think those questions went to whether state governments can veto honours. I think your reply on that occasion was categorically that that was not the case.

**Mr Hazell**—That is quite correct.

**Senator FIERRAVANTI-WELLS**—I understand that, subsequent to that quite clear evidence that you gave, Senator Bob Brown saw fit to issue a media release. Do you want to

tell this committee what the substance of that media release was? I understand it did not reflect the evidence that you specifically gave.

**Mr Hazell**—Thank you. As you say, I wrote to the committee because Senator Brown had indicated in the press release that I had said certain things in relation to the way the independent Council for the Order of Australia worked and basically asserted that I had confirmed his view that a state government representative was able to veto a nomination. I said at the time of the hearing that that was not the case. I noticed after the hearing, when the release was made, that that assertion was continued. I felt that it was important that the committee know that this was not the case, because I felt it cast aspersions on the integrity of the honours process—which it did. That is the reason why I wrote and in the terms that I did.

**Senator WONG**—Mr Hazell, you may or may not be aware of this, but is there a dedicated Comcar driver for the Governor-General?

**Mr Hazell**—No.

**Senator WONG**—When was that decision made?

**Mr Hazell**—Are you talking about in Canberra?

**Senator WONG**—Canberra, Sydney or wherever.

**Mr Hazell**—Let me rephrase that, then. In Canberra there has not been a dedicated Comcar driver for as long as I can recall. I believe that it is the case in Sydney that there are one or two drivers that are regularly used. I would not say that they were dedicated drivers, because that is not the way it works. But certainly there are a couple of drivers that are regularly used.

**Senator WONG**—Under the certified agreement, the Governor-General is not one of the officers for whom there is a dedicated driver. Is that right?

**Mr Hazell**—Under whose certified agreement?

**Senator WONG**—That of the Comcar drivers. You are not aware of that?

**Mr Hazell**—I have no idea; I am sorry.

**Senator WONG**—Has the issue of a dedicated driver ever been raised with Comcar by the office of the Governor-General, to your knowledge?

**Mr Hazell**—I recall thinking about what the arrangements might be several years ago, in Sydney, when one of the drivers was considering moving on. Clearly this was mainly a matter for Comcar, but they were courteous enough to discuss the issue with me. They made their decisions and that is basically where it stands.

**Senator WONG**—So you were part of these discussions, Mr Hazell?

**Mr Hazell**—The issue was raised with me, yes, as a courtesy.

**Senator WONG**—When you said ‘what the arrangements might be’, what arrangements were you referring to?

**Mr Hazell**—Only that the Comcar people suggested to me that driver X might be driving the Governor-General and gave me a little bit of detail about that particular person, and that sounded quite satisfactory. As I said, that was a courtesy so that when the Governor-General

got in the car the next time he knew that there was going to be a change, why there was a change and who the change was to.

**Senator WONG**—Was there any discussion about dedicated driver status or other entitlements for such drivers?

**Mr Hazell**—Not with me, no.

**Senator WONG**—Are you aware of any discussions between the office of the Governor-General and Comcar on that issue?

**Mr Hazell**—No. That is a matter for Comcar.

**Senator WONG**—No, I said between the Governor-General's office and Comcar.

**Mr Hazell**—Certainly not, no.

**Senator WONG**—You are not aware of any discussions?

**Mr Hazell**—No.

**Senator WONG**—Can I take you now to the answer to question on notice PM71. Do you have that, Mr Hazell?

**Mr Hazell**—Yes, I do.

**Senator WONG**—The answer also refers to PM49. Do you have that? That is an answer from the previous estimates round.

**Mr Hazell**—No, I do not seem to.

**Senator WONG**—I wonder whether we could have PM49, which is from the 2006-07 supplementary estimates. I am trying to clarify, and I assume I am correct, whether the answer given in PM71 is a cumulative cost—that is, PM49 is a point in time, and those amounts are included in PM71—or whether I have to add them together to get a total amount.

**Mr Hazell**—I am advised that you have to add those two together.

**Senator WONG**—Really? We had better get PM49 in front of you, then. Mr Hazell, do I understand that in PM71 you are saying that, in terms of capital works, the amounts set out in this answer relate only to the period 1 January this year to 28 February this year?

**Mr Hazell**—That is right, Senator. The header to that paragraph talks about additional costs that have been incurred for that period 1 January to 28 February.

**Senator WONG**—For example, for meeting facilities and additional car parking, in excess of \$3 million was spent between February 2006 and December 2006—is that right?

**Mr Hazell**—No, that is not right, Senator. The technical reason for that is that the work was done and the invoices came in in that particular period.

**Senator WONG**—Okay, but the invoices received in the period February 2006 to December 2006, just for that one item, meeting room facilities and additional parking, are \$3,372,029—is that right? It is PM49.

**Mr Hazell**—Can I just read the rest of that sentence to you, because it is far more than just meeting room costs. It is:

... Honours precinct works to replace inadequate office accommodation, provide meeting room facilities and additional carparking ...

**Senator WONG**—For \$3,372,029?

**Mr Hazell**—That is the whole new honours building project.

**Senator WONG**—To which we add over \$1 million for the period 1 January to 28 February.

**Mr Hazell**—That is correct.

**Senator WONG**—What is the total cost of this project?

**Mr Hazell**—From memory, \$4.7 million.

**Senator WONG**—That is the budgeted amount?

**Mr Hazell**—Yes.

**Senator WONG**—What are the costs paid to date?

**Mr Hazell**—\$4.44 million.

**Senator WONG**—How much WIP outstanding is there?

**Mr Hazell**—The difference.

**Senator WONG**—So it is going to come in on budget?

**Mr Hazell**—Yes. As of this moment, that is the indication we have.

**Senator WONG**—What are we getting for \$4½ million?

**Mr Hazell**—You are getting a completely new building to house the Australian Honours and Awards Secretariat because the previous buildings, which date back to the 1920s, were quite inadequate for staff, remembering that the nominations processes over the last five years have increased by some 70 per cent. The OH&S issues and working conditions were quite extreme. In particular, those old accommodation buildings were certainly not designed as offices—certainly not designed as offices like this building, for example. We felt that, to cope with the increasing work pressures, this was part of the solution. So we have a new home which brings all of the honours staff together, enabling them to work more efficiently and effectively to cope with the nominations process.

**Senator WONG**—Mr Hazell, can you tell me where in the PBS this expenditure is notionally appropriated from, or at least accounted for?

**Mr Hazell**—Senator, I am advised that this was appropriated in the 2005-06 and 2006-07 budgets.

**Senator WONG**—So it does not appear at all?

**Mr Hazell**—Not in the 2007-08 budget.

**Senator WONG**—You are still paying it though.

**Mr Hazell**—Yes, we have got some payments to be made.

**Senator WONG**—\$4.44 million over the two budget years that we are discussing, the period February 2006 till December 2006, and the two months just gone.

**Mr Hazell**—That is correct.

**Senator WONG**—So it is expenditure in the current budget years, but it is not identified anywhere in your office's budget statements, as I can see, for example 2006-07.

**Mr Hazell**—Senator, can I just repeat what I mentioned to you. This was a new policy proposal in the 2005-06 and 2006-07 budgets, and that is where the statements would be found.

**Senator WONG**—That would be the budget appropriation for this expenditure. Is that correct? But there is no reference that I can see anywhere in here to this kind of capital expenditure out of your office in any of the statements that are filed in the PBS. I might have missed them. You might be able to point me to what it is included under. I know the government does not like to disaggregate their accounts particularly. It is not under special appropriations, I assume.

**Mr Hazell**—It is a capital injection, Senator. Let me take that on notice and I will try to refer you to it.

**Senator WONG**—You do not know, so you would have to take it on notice.

**Mr Hazell**—No.

**Senator WONG**—Mr Bullivant, how much was appropriated for all capital works in 2005-06?

**Mr Hazell**—Senator, I do not have those figures with me. Can I take that on notice? That is two years ago.

**Senator WONG**—You cannot have it both ways, Mr Hazell. On the one hand you say that the current PBSs do not identify what is, at least in the years we are talking about, nearly \$5 million worth of expenditure, but you cannot give me an indication of what was appropriated in 2005-06.

**Mr Hazell**—I do not have the information in front of me.

**Senator WONG**—Okay. Do you know how much in capital works you have spent over the period since February last year?

**Mr Hazell**—I do not have those figures.

**Senator WONG**—Do you have the total capital works budget, Mr Hazell? You told me \$4.44 million on one project only. There are a range of other projects in here: \$11,000 on heating; \$18,000 on electrical distribution boards; telephone, underground installation of cables, nearly \$50,000; \$32,500 on the access road; \$21,000 on a garden wall—there are a lot of works—replacement of unsafe safety railing, \$45,500; upgrading of garages, \$46,000. You cannot tell me what your total budget for capital works is within your office?

**Mr Hazell**—There was a total of \$1.95 million for the capital works program for 2005-06 and 2006-07.

**Senator WONG**—Is that a cumulative total over the two years?

**Mr Hazell**—Yes. There are some projects from 2007-08 as well.



**Senator WONG**—Okay. But you have just told me that you have spent \$4.44 million within that time frame just on one project.

**Mr Hazell**—That was for the honours project.

**Senator WONG**—Yes, but that clearly significantly exceeds the capital works budget you have just given me.

**Mr Hazell**—The total cost of the honours building, as I said to you, was \$4.7 million, comprising funding from the government over two financial years together with contributions from my office. This is quite separate to the capital works program.

**Senator WONG**—Okay. We will try it this way. Can you give me the capital works budget over the 2005-06 year and over the four years subsequent to that—what the actual allocation is? It is \$1.95 million for 2005-06 and 2006-07. Is that right? What about the two outer years? We are currently in 2007-08.

**Mr Hazell**—The office has received \$2.333 million in capital funding comprising \$1.037 million in 2005-06 and \$1.296 million in 2006-07 for the capital works program.

**Senator WONG**—These are different figures to the ones you just gave me. You gave me \$1.95 million for 2005-06 and 2006-07. Now it is \$1.037 million and \$1.296 million for that line item.

**Mr Hazell**—I am advised that the figures I have given you are the amounts appropriated. The other figures are the other moneys committed to the projects.

**Senator WONG**—So you have \$2.33 million over 2005-06 and 2006-07 and that has been appropriated. Is that correct?

**Mr Hazell**—For the works program.

**Senator WONG**—I will come to the other issue. Let us do capital works. For 2005-06 it is \$1.037 million. For 2006-07 it is \$1.296 million. What is the appropriation for 2007-08 in capital works?

**Mr Hazell**—It is \$2.381 million.

**Senator WONG**—And for 2008-09?

**Mr Hazell**—It is \$1.914 million.

**Senator WONG**—Do we have figures for any of the outer years, Mr Bullivant?

**Mr Bullivant**—The estimate for 2009-10 is \$3.793 million and for 2010-11 it is \$3.190 million.

**Senator WONG**—As to the expenditure to date against this appropriation—I will come to the other one, because, as I understand the honours project, it is a separate appropriation; is that right?

**Mr Hazell**—Yes, it is additional to the figures I just mentioned.

**Senator WONG**—The capital works expenditure to date since 2005-06 is how much?

**Mr Hazell**—We have spent \$0.818 million and a further \$1.952 million has been committed.

**Senator WONG**—That is to what date?

**Mr Hazell**—To the end of April.

**Senator WONG**—What other capital works, outside of that line item, do you have?

**Mr Hazell**—The only other ones that we have are the honours precinct works.

**Senator WONG**—What is the total appropriation for that project? Can we go through the same process? If it was in 2005-06, presumably you have got it to 2008-09 and now you have it for the two outer years.

**Mr Hazell**—There is new funding in 2006-07 of \$0.980 million. In 2005-06 there was \$0.671 million. We made an office contribution of ongoing capital funding in 2005-06 and 2006-07 of \$0.508 million and a further \$2.541 million office contribution from cash reserves. The total is \$4.7 million.

**Senator WONG**—Are there any other capital works?

**Mr Hazell**—No, Senator.

**Senator WONG**—What is the total allocation, then, over 2005-06 to 2010—about \$14 million? Is that about right?

**Mr Hazell**—Yes, what those figures add up to—that is right.

**Senator WONG**—Plus \$4.7 million for the honours building project.

**Mr Hazell**—Yes.

**Senator WONG**—And that is capital works only, not maintenance or any other issue?

**Mr Hazell**—That is correct.

**Senator WONG**—That is a very large expenditure.

**Mr Hazell**—When you are dealing with heritage buildings that go back to the 1850s, there are some things that have to be done to them. They have to be looked after.

**Senator WONG**—Could you tell me about the upgrade of garages to overcome occupational health and safety issues, at a cost of \$46,582 for the period January to February 2007?

**Mr Hazell**—This is to do with the removal of lead based paints and the removal of manual doors.

**Senator WONG**—Paints and manual doors, which is what—\$50,000 so far? Is that right? Or more?

**Mr Hazell**—I think that is right, Senator.

**Senator WONG**—And the garden wall? There seem to be a lot of garden things. There was a pergola and pathway for \$62½ thousand last year and now we have a garden wall for \$21½ thousand.

**Mr Hazell**—Remember that the grounds of Government House cover some 53 hectares.

**Senator WONG**—Sorry; there was a garden wall for \$40,000 and then another one for \$21,000. Is that the same wall?

**Mr Hazell**—Yes.

**Senator WONG**—And how much is the wall going to cost?

**Mr Hazell**—That is it.

**Senator WONG**—That is it.

**Mr Hallett**—In many cases these are issues of public safety. Many thousands of people visit both Government and Admiralty houses. In addition to, as Mr Hazell just said, our duty to care for these items, which are heritage properties that belong to the nation, we have to meet all the building codes, the safety codes, both in Sydney for Admiralty House and in the Australian Capital Territory for Government House. It is also probably worth noting that in many cases, for many years, minimal work or maintenance was done. I think it is fair to say that the parliament has appropriated these funds so that there is a more strategic way of looking at undertaking this work in a systematic way to ensure that we not only care for these properties for future generations but also meet our obligations under various safety and environmental codes.

**Senator WONG**—What was the access road for \$33,000? Sorry, that must be about \$60,000 now, because it was \$32,000 last year and \$32,000 this year.

**Mr Hazell**—This was done in association with the building of the new honours complex because the other road, which is actually quite a narrow road in any event, had broken up. The road required drastic repair. There was some further additional drainage that really needed to be done as well.

**Senator WONG**—What is the total cost of the road? You have told us \$60,000-something so far. Is it more than \$60,000?

**Mr Hazell**—\$64,765.

**Senator WONG**—How much have you spent on heritage landscape advice?

**Mr Hazell**—The two properties, Admiralty House and Government House, are heritage properties. They have heritage gardens in them that have been established—in the case of Government House for a very long period of time—and we are required under the legislation to submit plans for the protection of these gardens. They require looking after.

**Senator WONG**—I do not think that was my question. My question was: how much has been spent on heritage landscape?

**Mr Hazell**—\$28,360.

**Senator WONG**—On design; is that right? What is the \$28,000 actually for—design and advice?

**Mr Hazell**—They are consultancies.

**Senator WONG**—Did that go to tender?

**Mr Hazell**—Yes, it did.

**Senator WONG**—Can I ask who the advisers are?

**Mr Hazell**—Taylor Brammer.

**Senator WONG**—Was it an open or a select tender?

**Mr Hazell**—It was a select tender in 2005-06.

**Senator WONG**—Can you give me the maintenance figure to date? We have been discussing only capital works so far, I think. Can you update PM 71 in relation to maintenance?

**Mr Hazell**—Since we last spoke or gave you those figures, \$63,600-odd has been spent on maintenance of buildings and \$38,200-odd on grounds.

**Senator WONG**—Is \$28,000 the full extent of the Taylor Brammer contract for consultancy?

**Mr Hazell**—I am advised that, no, that is not the case. Other costs are related to that.

**Senator WONG**—What is the full value of the contract?

**Mr Hazell**—I will have to take that on notice.

**Senator WONG**—You cannot tell me that?

**Mr Hazell**—No.

**Senator WONG**—So the additional maintenance amount that you have just given me—the figure of \$63,600 for buildings and then \$38,200 for the gardens—is only since February or the beginning of March 2007; is that right?

**Mr Hazell**—That is correct.

**Senator WONG**—What is your budget for maintenance?

**Mr Hazell**—I can tell you that, from 1 February 2006 until the end of April this year, it was \$433,500-odd for the buildings and \$206,300-odd for the grounds.

**Senator WONG**—That is your 2006-07 actual expenditure to date?

**Mr Hazell**—Yes.

**Senator WONG**—I asked what your budget allocation was?

**Mr Hazell**—Sorry, no. I am advised that it is more than that. The period is more than just 2006-07; that is my clarification.

**Senator WONG**—The figures you gave me extend over which period?

**Mr Hazell**—From 1 February 2006.

**Senator WONG**—To when?

**Mr Hazell**—To the end of April 2007.

**Senator WONG**—What is your budget for the 2006-07 year for maintenance?

**Mr Hazell**—It is \$346,000 for the buildings and as best I can allocate, \$150,000 for grounds.

**Senator WONG**—That is for the 2006-07 year?

**Mr Hazell**—Yes.

**Senator WONG**—Are you able to do two things for me; one is to update PM71 in the same terms? I can sit here and ask you the same questions I asked in respect of capital works for maintenance, but are you able to give me those on notice? For, say, 2005-06, 2006-07 through to the outer years of the current budget forward estimates period, could you provide me with the annual allocation for maintenance?

**Mr Hazell**—Yes, Senator.

**Senator WONG**—Thank you. Perhaps the same in respect of acquisitions and contracted services?

**Mr Hazell**—Certainly.

**Senator WONG**—So they are the three components. If you could update PM71 and then provide on notice over the period 2005-06 to 2010-11, which is I think is where you gave it to me in respect of capital works, the budgets in respect of maintenance, acquisitions and contracted services.

**Mr Hazell**—I will do that, Senator.

**Senator WONG**—I appreciate that. Thank you.

**Mr Hazell**—Senator, may I just for the record make the observation to the committee that the total cost of this office, and I underline the word total, per head of population in Australia per year is less than \$1.

**Senator WONG**—Does that include all the capital works?

**Mr Hazell**—Absolutely. Which is less than the price of a loaf of bread and certainly less than the cost of a litre of milk, per year.

**Senator CHRIS EVANS**—Thank you Mr Hazell. Your point is?

**Mr Hazell**—That we run a very slim organisation for what you get.

**Senator WONG**—Yes, but \$4.7m for a new building is not a slim operation. It may be justified, Mr Hazell, but I do not think people would say it is a slim operation.

**Mr Hazell**—It is a very economic operation and with the totality of the cost, as I said, I think it is worth while to make that comparative assessment.

**CHAIR**—Thank you, Mr Hazell and officers.

#### **Proceedings suspended from 6.04 pm to 7.30 pm**

**CHAIR**—We will start with general questions for the portfolio of the Prime Minister and Cabinet.

**Senator WONG**—Dr Morauta, Prime Minister and Cabinet received a freedom of information request from the Seven Network in relation to the \$10 billion Murray-Darling package. Who was the officer who dealt with that request.

**Dr Morauta**—I will ask Ms Goddard to come to the table.

**Senator WONG**—Ms Goddard, you received the Channel 7 request?

**Ms Goddard**—No, the request came into the FOI area of the department initially and it was allocated to one of my divisions, the Industry, Infrastructure and Environment Division.

We discussed with the department of the environment whether they would accept the request on referral.

**Senator WONG**—Who is ‘we’?

**Ms Goddard**—I think it was the FOI officer and the relevant policy officers in that division.

**Senator WONG**—So you did not have these discussions with DEW?

**Ms Goddard**—No.

**Senator WONG**—When did you receive it and when was it referred to the Department of Environment and Water Resources?

**Ms Goddard**—On 16 March PM&C received the FOI request. On 20 March PM&C checked with DEW whether they had received a similar request from the Seven Network and they advised that they had not. On 2 April PM&C requested DEW to accept transfer of the FOI request and on 5 April DEW did accept the transfer of the FOI request.

**Senator WONG**—You are not the officer who dealt with this?

**Ms Goddard**—No, it was relatively junior officers in one of my divisions, along with the FOI area.

**Senator WONG**—Was this matter prior to the transfer to DEW the subject of discussions with the Prime Minister’s office?

**Ms Goddard**—No, not that I am aware of.

**Senator WONG**—There were no discussions whatsoever with any other ministerial office?

**Ms Goddard**—No.

**Senator WONG**—On the last occasion I asked quite a number of questions about the water policy announcement. I can’t recall whether they were asked of you, Ms Goddard, or others.

**Ms Goddard**—Yes, they were.

**Senator WONG**—I apologise; I could not recall who it was. My recollection of that evidence was that there were a range of officers who were seconded into Prime Minister and Cabinet for the purposes of preparing this policy; correct?

**Ms Goddard**—That is right.

**Senator WONG**—And for some time—is that not right?

**Ms Goddard**—There was a small group formed in the second week of January that worked through until the 25 January announcement by the Prime Minister, so it was a matter of weeks.

**Senator WONG**—Does PM&C not hold any documentation associated with that period of work?

**Ms Goddard**—We do not hold the main documentation. You might recall that there were also some administrative order arrangements changes announced on 23 January, and the

Office of Water Resources moved from PM&C to the Department of the Environment and Water Resources.

**Senator WONG**—Yes, I recall that, but I am asking a pretty specific question. You were the lead department.

**Ms Goddard**—Yes.

**Senator WONG**—Your department was the department which had responsibility for the development of this water policy well before the office of water was created within DEW—correct? At the time of the announcement it was still within PM&C and, in fact, my recollection of the evidence across a range of departments is that your department was responsible for the development of the policy.

**Ms Goddard**—That is right. The Office of Water Resources was within PM&C when that work was done. The move of that office was announced a couple of days before the PM's announcement of 25 January, but the whole function and the bulk of the staff and all of the files have transferred to the Department of the Environment and Water Resources.

**Senator WONG**—So is it your evidence that at the time the FOI request was received there were no documents held within Prime Minister and Cabinet which related to the \$10 billion announcement?

**Ms Goddard**—All the files relating to the announcement had been passed to the Department of the Environment and Water Resources.

**Senator WONG**—Okay.

**Ms Goddard**—The formal records were passed to the Department of the Environment and Water Resources. We possibly kept some records, but we would not necessarily have had a full set of records from that time.

**Senator WONG**—How many informal records have you still got?

**Ms Goddard**—I do not know; I would have to check. The formal files with the full collection of papers were passed over to the Department of the Environment and Water Resources along with all the staff.

**Senator WONG**—How many files were there?

**Ms Goddard**—I do not know; I could check that for you. Can I take that on notice?

**Senator WONG**—No. Are you able to come back later tonight or can we deal with it tomorrow?

**Ms Goddard**—We might be able to deal with it tomorrow.

**Senator WONG**—The public recording, in fact the letter from the decision maker, refers to 22 documents found within the scope of the release. Are you saying the 22 documents were all that PM&C held and transferred to the Department of the Environment and Water Resources associated with the \$10 billion announcement?

**Ms Goddard**—We transferred the FOI request to DEW. We were not involved in it thereafter. I think you need to direct any questions about what was released by the decision maker to the decision maker in that department.

**Senator WONG**—Unsurprisingly, I am sure I will do that. But I am asking you—and perhaps we can come back to this tomorrow if you are not able to answer it—about the extent of the documents which were previously held in PM&C which were transferred.

**Ms Goddard**—That is a different question, I think, to what was released under the FOI request.

**Senator WONG**—I am sure there are a range of questions subsequent to that that I will ask of DEW, but what were the range of documents associated with the \$10 billion that were held by PM&C?

**Dr Morauta**—I think we have already said that we will come back with what files we transferred, and I think that is probably the best place to start.

**Senator WONG**—Ms Goddard, on the last occasion you indicated to me—and I am reading from the *Hansard*:

... PM&C has for many years chaired a Commonwealth water policy group that has talked about water policy matters ... This announcement represents the culmination of many years of whole-of-government policy advice through that process.

In the context of that answer on the previous occasion, did you transfer to DEW all documents associated with the many years of whole-of-government policy advice on water?

**Ms Goddard**—I will have to check, but I think it was mainly the more immediate documents around the \$10 billion plan.

**Senator WONG**—Right. So, when the department of water was created—as opposed to the office in PM&C; when that was shifted over—is it your evidence that you transferred only documents associated with the \$10 billion announcement?

**Ms Goddard**—I will have to check exactly what we transferred. We may only be able to give you information on the files that we retained. It might be that only DEW can give you information on the files that were transferred.

**Senator WONG**—Are any of the files or the records dealing with the culmination of many years of whole-of-government policy relevant to the \$10 billion announcement?

**Ms Goddard**—I think, as I explained last time, the policy developments in this area have been a continuum over a number of years. I think I also explained to you in evidence last time that the discussions and considerations around the specific announcement of the plan commenced in early November 2006 and that there was an intensive process of policy development on that particular plan thereafter. So that was that particular announcement, but policy is a continuum over many years in any area, as you know.

**Senator WONG**—Sure, but, according to the department to whom you transferred the FOI request, there are only 22 documents associated with a \$10 billion announcement.

**Ms Goddard**—I am not sure that that is what that FOI request and that answer says, so you need to talk to the decision maker about that. I am not in a position to second-guess the decision maker's release of those documents.

**Senator WONG**—Okay. But you are able to tell me what you hold?



**Ms Goddard**—We will check if we can tell you what files we retained in the Department of the Prime Minister and Cabinet.

**Senator WONG**—So the plan commenced in early November 2006; I think that was your evidence. How many documents were generated between 2006 and the meeting in January which I think you gave evidence about?

**Ms Goddard**—I have not checked that. I do not know how many documents were created.

**Senator WONG**—Are you seriously telling us that only 22 documents were created in relation to—

**Ms Goddard**—No, I did not say that.

**Senator WONG**—a \$10 billion announcement?

**Ms Goddard**—I did not say that at all. I said to you that I am not sure that that is what that decision purports to say either—that you would need to check with the decision maker.

**Senator WONG**—Well, originally the FOI request was to your department.

**Ms Goddard**—It was to our department, but it was really about Office of Water Resources documents, and that office transferred to the Department of the Environment and Water Resources.

**Senator WONG**—Can you tell me about the decision to transfer it to DEW? Can you tell me who was involved in making that decision and who was consulted at the departmental level?

**Ms Goddard**—I am thinking that it was just the FOI area of our department, as I mentioned to you, with the Industry, Infrastructure and Environment Division. It would have been mid-level officers dealing with an FOI request in the normal, routine way.

**Senator WONG**—Did anyone consider whether there were actually documents still held within PM&C which were relevant to the \$10 billion announcement?

**Ms Goddard**—I think that they would have considered that most of the documents—

**Senator WONG**—‘They would have’; does that mean yes or no?

**Ms Goddard**—Yes.

**Senator WONG**—If you do not know—I would prefer to be clear about what you say.

**Ms Goddard**—I am pretty confident, Senator, that Prime Minister and Cabinet would not have any additional documents that DEW does not have. If we kept documents, they were copies of documents that were on the files that went over to the Department of the Environment and Water Resources.

**Senator WONG**—The applicant sought preliminary documentation on the \$10 billion Murray-Darling Basin package, and 22 documents fell within the scope of that request. So these were all previously your documents, Ms Goddard?

**Ms Goddard**—They were previously PM&C documents that transferred to the Department of the Environment and Water Resources—

**Senator WONG**—Yes, I understand that.

**Ms Goddard**—with the Office of Water Resources.

**Senator WONG**—I am not completely moronic; I did understand that. But these were all previously PM&C's documents?

**Ms Goddard**—They were. They were Office of Water Resources documents.

**Senator WONG**—Okay. Didn't you have more than 22 documents in the Office of Water Resources relating to this announcement?

**Ms Goddard**—Senator, I am not sure that that request purports to say that it is every document, but you need to talk to the decision maker about that.

**Senator WONG**—Twenty-two documents were found to fall within the scope of the request. The request was in relation to documentation on the \$10 billion Murray-Darling Basin package. I am really very interested—and you may have a very good explanation for this, Ms Goddard—that what you say about the request means that a whole range of documents fall outside it.

**Ms Goddard**—No, I am not saying that. I am saying—

**Senator WONG**—Sorry; I thought that was the implication.

**Ms Goddard**—that for interpretation of the documents that were released you need to talk to the decision maker. The normal test for who handles FOI cases is: which is the department that has prime carriage for the subject matter? In this case, it is the Department of the Environment and Water Resources.

**Senator WONG**—So did you have more than 22 documents associated with the \$10 billion announcement?

**Ms Goddard**—I think I have already answered that question, Senator.

**Senator WONG**—No; I am not asking about the FOI request. Would you have had more than that?

**Ms Goddard**—Yes, we would have had more than that because, in the FOI request, the answer talks about early documents and you might see from that schedule—

**Senator WONG**—Thank you! So the distinction that you are drawing is around the word 'preliminary'; is that what you are telling me?

**Ms Goddard**—That is one of the distinctions, yes.

**Senator WONG**—What are the other distinctions?

**Ms Goddard**—That is the main one. I think, if you look at the schedule, it ends on 16 January.

**Senator WONG**—Okay. Anything else that you would point to as restricting the basis for or narrowing the range of documents?

**Ms Goddard**—No, and I do not know what process the decision maker went through, Senator, so again you need to—

**Senator WONG**—No, but you are making judgements about why it is, because you obviously know that there were many more documents associated with this decision. You are making judgements about why only 22 were disclosed.

**Dr Morauta**—I am not sure, Senator, that Ms Goddard has said that there were more documents and that the decision maker withheld some of them. I do not think—

**Senator WONG**—No, you misunderstand. I was not trying to verbal her. As I understand it, what she is saying is, ‘Yes, we had more than 22 documents in relation to this announcement,’ but she is indicating that the scope of the request means that the 22 was appropriate. Is that a reasonable—

**Ms Goddard**—Well, I indicated that the schedule finished on 16 January—

**Senator WONG**—Yes.

**Ms Goddard**—and the announcement was on 25 January, so it stands to reason there were some more documents in that intervening period.

**Senator WONG**—So how many documents were there between the 16th and the 25th?

**Ms Goddard**—I do not know, Senator. I have not checked.

**Senator WONG**—They were yours.

**Ms Goddard**—They have gone to the Office of Water Resources in the Department of the Environment and Water Resources.

**Senator WONG**—Okay. So you will come back to me with some indication of the range of documents held by PM&C?

**Dr Morauta**—I think what we said was the titles of the files that were transferred—

**Ms Goddard**—Of the files that were retained.

**Dr Morauta**—and retained.

**Senator WONG**—Perhaps we could have both.

**Dr Morauta**—Yes.

**Ms Goddard**—We might not be able to give you the titles of the files that were transferred; we will see if our systems have that. It might be that only the department of the environment has that.

**Dr Morauta**—We have got somebody checking what we can do, as quickly as possible.

**Ms Goddard**—We will check what we can do.

**Senator WONG**—Thank you very much.

**Senator FAULKNER**—I have a general question to ask. At the time of the resignation of former senator Santo Santoro, it was reported in the *Courier-Mail* newspaper on 21 March that he might no longer have the title of ‘the Honourable’ for life. Former ministers, after their retirement from the Senate, may be referred to or refer to themselves as ‘the Honourable such and such’. Ms Belcher, is it true in the case of Senator Santoro that the nature of his resignation was such that he will not be able to use that title ‘the Honourable’ for life? I do not know if you saw this article or not.

**Ms Belcher**—Yes, I did. I think—in fact, I know—that Senator Santoro, in the press release that he put out, indicated that he had submitted his resignation as a minister and as a member of the Executive Council, or words to that effect.

**Senator FAULKNER**—Yes.

**Ms Belcher**—And when the Prime Minister wrote to the Governor-General he recommended only that the resignation as a minister be accepted, so the title ‘Honourable’ will continue to be used.

**Senator FAULKNER**—I see. So in his letter to the Prime Minister, Senator Santoro tendered his resignation from both the ministry and the Federal Executive Council, did he? You talked about the press release.

**Ms Belcher**—Yes.

**Senator FAULKNER**—What did Senator Santoro tender his resignation from? Was it the ministry and the Federal Executive Council or just the ministry? I appreciate what you say about the press release.

**Ms Belcher**—I would need to check but I think the resignation was from both.

**Senator FAULKNER**—Does that mean his resignation from the Federal Executive Council was not accepted by the Prime Minister?

**Ms Belcher**—That is right. It is the Prime Minister who makes a recommendation to the Governor-General and that is the recommendation that has effect.

**Senator FAULKNER**—But isn’t it unusual if a former member of the Federal Executive Council formally resigns from the Federal Executive Council and such a resignation is not accepted?

**Ms Belcher**—I think it was unusual that the resignation from the Executive Council was offered.

**Senator FAULKNER**—I accept that.

**Ms Belcher**—So I cannot really talk about its being unusual because I do not know of another case.

**Senator FAULKNER**—It seems unusual to me for someone to offer their resignation from a body—in this case, Senator Santoro formally writes to the Prime Minister resigning from the Federal Executive Council—and it is not accepted. In other words, Senator Santoro’s wishes to resign as both a minister and a member of the Federal Executive Council have not been accepted by the Prime Minister. The Prime Minister has accepted his resignation from one and ignored his request in relation to his resignation from the Federal Executive Council. I find that quite unusual.

**Senator Minchin**—There are two types of ‘unusuality’ here, which I think are being confused.

**Senator FAULKNER**—You have just coined a word, haven’t you?

**Senator Minchin**—Perhaps, Senator Faulkner, but I think Ms Belcher was referring to the issue of whether it was unusual or not to offer a resignation from the Executive Council and

answered you on that score. You then broadened the matter to the question of bodies generally. You are probably right in terms of bodies generally but I suspect Ms Belcher is right in respect of the Executive Council.

**Senator FAULKNER**—Let's be clear about this. I am only aware of this because of press reportage. I am not pretending that I have any other knowledge, but the reason I asked the question is that this possibility was flagged—only flagged—in the media. Senator Santoro puts out a press release announcing his resignation from the ministry and the Federal Executive Council. That is correct, isn't it, Ms Belcher?

**Ms Belcher**—Yes, Senator.

**Senator FAULKNER**—We understand that Senator Santoro also writes to the Prime Minister resigning from the ministry and the Federal Executive Council. That is correct, too, isn't it?

**Ms Belcher**—Yes, I believe so. I just need to check whether it was the press release and the letter, but I am confident that it was both.

**Senator FAULKNER**—Yes, and I accept your evidence. Senator Santoro made two actions—resigning from both the ministry and the Federal Executive Council by announcing it in the press release and resigning by letter—but the Prime Minister only acted on one of Senator Santoro's requests, or actions, which is a resignation. I used the word 'unusual'. It may be unprecedented. I find it quite remarkable that Senator Santoro has resigned from a position—as a member of the Federal Executive Council—and it is not accepted by the Prime Minister. Do we know why?

**Ms Belcher**—I would comment only that it is very unusual for anyone to be removed from membership of the Executive Council. There is only one case in history, as far as I know.

**Senator FAULKNER**—I think that was former Senator Sheil, wasn't it?

**Ms Belcher**—That is right, yes.

**Senator FAULKNER**—I accept that you say how unusual it is and that there is only the one case. I was aware of that case but it does not mean there cannot be another case. Here we have former Senator Santoro publicly announcing he intends to resign from the ministry and the Federal Executive Council, forwarding a letter to the Prime Minister, Mr Howard, so informing the Prime Minister, but the Prime Minister not accepting his resignation from the Federal Executive Council. I am now asking why the Prime Minister did not accept his resignation.

**Senator Minchin**—I am not sure than an official can give you that answer. I think it is probably unreasonable to expect it.

**Senator FAULKNER**—Ms Belcher is always very helpful.

**Senator Minchin**—She is indeed.

**Senator FAULKNER**—Let me then direct the question to you, Senator Minchin. Of course, you are across all these issues.

**Senator Minchin**—No, actually I am not. This is the first I have heard of this, and as I say, I was not aware of the content.

**Senator FAULKNER**—It appears that Ms Belcher is in a better position to answer than you are.

**Senator Minchin**—I do not know that she should necessarily be assumed to know what was in the Prime Minister's mind as to what recommendation he was to make to the Governor-General when he wrote or communicated with the Governor-General. That is a matter for the Prime Minister. As I say, I was not involved in that. But let me posit the proposition that perhaps former Senator Santoro was mistakenly of the view that to give effect to his resignation from the ministry he had to formally offer his resignation from the Executive Council, that he was mistaken in thinking that his resignation from the ministry required such a proposition and that, given that his intention clearly was to resign from the ministry, that was what was recommended to the Governor-General to accept. I am happy to find out for you, if you like, because I honestly was not aware of this. I would suggest, and common sense would suggest, that that is probably what occurred.

**Senator FAULKNER**—You quite rightly said that I should not ask Ms Belcher what was in the Prime Minister's mind. Your explanation might be true and certainly seems logical enough to me, but I might respectfully suggest to you that maybe you should not slash outside the off stump either.

**CHAIR**—Senator Minchin was just endeavouring to be helpful.

**Senator FAULKNER**—That makes a nice change, and that is why I want to reinforce that.

**Senator Minchin**—I was always helpful to you, Senator.

**Senator FAULKNER**—I want to reinforce that positive behaviour and ask if Ms Belcher has any knowledge in this case, because you have indicated you do not know. I am not critical of that; I would not expect you to know. Does Ms Belcher have any knowledge beyond what we have heard as to why this circumstance might have occurred; why a resignation was announced and offered for both positions but only accepted for one? Are you able to assist us in any way?

**Ms Belcher**—The only thing I can add is that I asked that the Prime Minister's office confirm that it was only the ministry position from which Senator Santoro would resign. Because it was unusual, I checked and I was told that it would be.

**Senator FAULKNER**—At what stage of the process did you check? Before it went to the Governor-General?

**Ms Belcher**—Yes, certainly.

**Senator FAULKNER**—Senator Minchin, you kindly offered to try and establish this for us.

**Senator Minchin**—I am happy to find out whether my positing of a possible explanation was the case.

**Senator FAULKNER**—There is a certain logicity to the explanation that you have given, but let's try and establish what the actual situation is.

**Senator Minchin**—Yes, I will try to find out and give you the answer tomorrow.

**Senator FAULKNER**—I would appreciate that. Almost all former ministers do not resign from the Federal Executive Council. I think that is fair to say, isn't it, Ms Belcher?

**Ms Belcher**—Yes.

**Senator FAULKNER**—What is their status having not resigned from the Federal Executive Council? Does it mean only that they can use the term 'the Honourable' for the remainder of the time they are upright?

**Ms Belcher**—I think they are referred to as 'executive councillors not on call'. I do not think there is any practical aspect of being a former minister and therefore executive councillor other than the title 'Honourable'. I think in the stricter sense they are still executive councillors but they are just not called to give advice to the Governor-General.

**Senator FAULKNER**—How many executive councillors not on call are there?

**Ms Belcher**—I really do not know.

**Senator Minchin**—Are you including Senator Faulkner as one?

**Senator FAULKNER**—Yes, I am certainly one.

**Senator Minchin**—Waiting for the call, Senator Faulkner?

**Senator FAULKNER**—No. I am just hoping that you are not on call soon, Senator Minchin. I would have to be honest about that. I am sure you are not surprised to hear that, but that is the way it goes.

**Ms Belcher**—I really do not know the number. It could go back to anyone living from probably the Holt years or something like that.

**Senator FAULKNER**—I was just interested in the status, but the formal definition is 'executive councillor not on call'.

**Ms Belcher**—Yes, I have seen that expression. I do not know how much formality it has. I understand that is the case.

**Senator FAULKNER**—I appreciate that. Senator Minchin, I would appreciate it if you could just find out what the situation is in relation to this. The only concern here is that, of course, for some reason Senator Santoro's wishes have not been adhered to. I would find that quite extraordinary, if that were the situation. You can take it on notice and we will learn about that in the fullness of time. Thank you. I have one other general question. I learn all these things from reading a lot of newspaper clippings. I have read another one, you will be pleased to know. On this occasion it was 12 May and I read about the smartcard and the reservations that the Secretary of the Department of the Prime Minister and Cabinet, Dr Shergold, has about this 'huge project, which aims to issue 16 million photographic identity cards'. It is not Dr Shergold's practice to come to this committee—and I am not critical of that—but I would have liked him to be here today so I could hear from him why he had such reservations. But we are lucky that we have Dr Morauta with us who no doubt will be able to assist us and explain to the committee what Dr Shergold's reservations are about the smartcard.

**Dr Morauta**—I am sorry, I do not know. Can you give me the press reference so we can chase it up?

**Senator FAULKNER**—Yes, I certainly can. I read the clip from the *Australian Financial Review* on 12 May this year, which was a Saturday, on page 25: ‘Smartcard hardly a picture of health.’ I hoped that someone might be able to assist us with this.

**Dr Morauta**—And the question is: what are Dr Shergold’s reservations?

**Senator FAULKNER**—His reservations are reported in this article. I was keen to ask Dr Shergold about what his concerns were with the smartcard. It is very difficult to do so when he is not here, but I thought you might be aware of them, Dr Morauta.

**Dr Morauta**—We will take the question on notice and follow it up. Somebody has gone to look for the reference now, but we did not come here equipped to answer that question and we will have to take it on notice. I am sorry about that.

**Senator FAULKNER**—I am happy to provide a photocopy of the article if it would help your officials chase down an answer.

**Dr Morauta**—Thank you.

**Senator FAULKNER**—We will come back to that one.

**Senator CHRIS EVANS**—I want to ask a question about media monitoring costs in the cross-portfolio. I do not know whether this is the right place to ask it.

**Dr Morauta**—You think this is still general questions?

**Senator CHRIS EVANS**—I am happy to take your guidance.

**Dr Morauta**—I am not sure where media monitoring across all the portfolios fits. Why don’t you just ask the question and we will see where it fits?

**Senator FAULKNER**—He was asking the question.

**Dr Morauta**—I know—until I interrupted and mumbled. Sorry.

**Senator CHRIS EVANS**—And because I could not find an appropriate area, I thought I would do it under general questions, Dr Morauta.

**Dr Morauta**—I think that is fine.

**Senator CHRIS EVANS**—I think we are agreed on the basis for the question. I just hope we have some success with the answer. In reply to a question on notice from Mr Kelvin Thomson, the member for Wills, the Prime Minister’s department replied late last year, providing him with the costs of media monitoring services for the Prime Minister’s department and agencies. That reflects what is quite a massive jump in recent years in the costs of media monitoring. It reflects an increase from \$105,000 in 2000-01 to \$409,000 in 2005-06 and an almost doubling in the costs in the last two years. I was interested to know what has driven this increase in the costs so that it is now costing more than \$400,000 per annum for marketing costs.

**Dr Morauta**—We will just see if we can find someone who is more across this, Senator. I am sorry, we have not got the person here to answer the question. Your question is: why has there been a big increase in media monitoring costs in the portfolio?

**Senator CHRIS EVANS**—Yes, and what the costs will be for this year coming et cetera. We can do it tomorrow, if you would like.



**Senator FAULKNER**—What output do we find that in?

**Dr Morauta**—I think it a sort of corporate thing actually.

**Senator FAULKNER**—A sort of corporate thing?

**Dr Morauta**—Yes, like the information branch. I think in terms of our outputs, we do not have a corporate output.

**Senator FAULKNER**—You should know: you are the deputy secretary.

**Dr Morauta**—We do not have a corporate output, so it is a bit difficult to place it.

**Senator CHRIS EVANS**—So it was not just my lack of capacity to read the portfolio budget statements.

**Senator FAULKNER**—It really fills me full of confidence.

**CHAIR**—Dr Morauta, you will take it on notice.

**Dr Morauta**—We will take it on notice and we hope that we can get back to you tomorrow on that.

**Senator CHRIS EVANS**—Why don't we find a program to try it under tomorrow, Dr Morauta?

**Dr Morauta**—I think we could just do all the corporate things at the end, if you would like.

**Senator FAULKNER**—That is your homework.

**Dr Morauta**—We usually get to corporate at the end—that is how we have done it before—but we will see when we can get back to you tomorrow on that.

**Senator FAULKNER**—You would be an expert on this, Senator Minchin and I would put Finance as the master of all these outputs—I do not think.

**Dr Morauta**—Some departments keep corporate separate. In our department we allocate it through the different outputs.

**Senator CHRIS EVANS**—We might have a crack at that again tomorrow, Dr Morauta. Could I ask for a follow-up on the State Coach Britannia project?

**Dr Morauta**—We are now in international policy advice here and we have Mr Hugh Borrowman to assist you.

**Senator CHRIS EVANS**—International policy advice?

**Dr Morauta**—That is the program it comes under. It is under output group 3.

**Senator CHRIS EVANS**—I thought it came under the counter at the cabinet meeting myself, but you have found an output for it now. That is very clever.

**CHAIR**—You will be happy to take it in general questions, Dr Morauta?

**Dr Morauta**—That is fine.

**Senator CHRIS EVANS**—Mr Borrowman, you are the coach Britannia expert. I am glad we have one. Firstly, do you understand whether or not the coach has been finished?

**Mr Borrowman**—I want to start by saying that it comes with us because CERHOS, ceremonial and hospitality, which falls within my division, has been handling the coach matter. I understand that the coach is broadly finished but that Mr Frecklington keeps making little improvements to it.

**Senator FAULKNER**—What does ‘broadly finished’ mean?

**Mr Borrowman**—Some photographs of the coach appeared in a popular motoring magazine earlier this year.

**Senator FAULKNER**—Coaches don’t have motors, do they?

**Mr Borrowman**—No, they don’t. It was apparently of great interest because of the expertise of the Australian craftsmanship and coach building skills.

**Senator FAULKNER**—It is still in Australia?

**Mr Borrowman**—It came under ‘unique vehicles’ in the—

**Senator CHRIS EVANS**—You told us last time, in answer to a question on notice, that it was completed, and then I read in the press that it was not, so I was just trying to get to the bottom of that. So you think that it is broadly finished but it is not completely finished. I understand he is looking for bits from old ships and things to add to it.

**Mr Borrowman**—I have read the same press report. From our perspective, we had two involvements. One was to make the payment which we discussed last time. Our next involvement is to meet the cost of shipping the coach to the UK when it is ready to go.

**Senator CHRIS EVANS**—That was not mentioned last time. When did we decide we were going to meet the shipping costs as well?

**Mr Borrowman**—That was part of the original decision.

**Senator CHRIS EVANS**—I thought the original decision was that you would meet costs up to \$350,000 and he only presented bills of \$250,000.

**Mr Borrowman**—That is broadly correct, but the decision to contribute to the shipping costs from the original allocation of \$350,000 has always been part of the decision.

**Senator CHRIS EVANS**—I won’t argue with you; that was not my recollection of the evidence at the time. Maybe my memory is failing me. I am not disputing what you say; that was not my recollection, but I have not gone back and looked at the original discussion we had. I certainly had the impression that, while \$350,000 had been agreed as a maximum cost, in fact the \$250,000 was likely to be it, on the first presentation of bills from Mr Frecklington, because he had not been able to justify any further costs. You are saying to me that the actual original decision anticipated paying for the transport.

**Mr Borrowman**—Yes.

**Senator CHRIS EVANS**—Not just that it fell within a broad \$350,000 figure that was agreed to.

**Senator FAULKNER**—Let us take you back to question PM5 at the additional budget estimates hearings 2006-07, where I asked this question:

Can the letter with the costs in it be provided?

The answer was:

Attachment A provides details of the costs against which the department made a grant payment to Mr Frecklington.

**Mr Borrowman**—Yes.

**Senator FAULKNER**—Where do we find the transport of the coach in the—

**Mr Borrowman**—No costs against that item have been incurred because the coach has not been transported yet. We do not know what it will cost to transport it.

**Senator FAULKNER**—So what was that grant payment?

**Mr Borrowman**—That grant payment was in recognition of the fine craftsmanship that was evidenced in the construction of the coach.

**Senator FAULKNER**—But what was the total figure?

**Mr Borrowman**—The total figure was \$245,548.73.

**Senator FAULKNER**—What was the total grant? What was the total amount of the moneys payable to Mr Frecklington?

**Mr Borrowman**—There is no total amount of moneys yet payable to Mr Frecklington. The amount of \$350,000 was appropriated in order to have an envelope within which to meet that.

**Senator FAULKNER**—Have we incurred other expenditure since that time?

**Mr Borrowman**—No, we have not; nor will we.

**Senator FAULKNER**—Apart from the freight?

**Mr Borrowman**—Apart from transport—yes.

**Senator CHRIS EVANS**—Your evidence is that, prior to your answering question PM67, arising out of the February estimates, which we received on 10 April, you had already told us about the fact that you were going to meet the freight costs.

**Mr Borrowman**—I did not give that evidence. I would have to refer back to the testimony myself. I have no reason to doubt it.

**Senator CHRIS EVANS**—I will have a look at the—

**Mr Borrowman**—For example, can I refer you back to question one of your questions: ‘Can the department confirm that the Commonwealth will be assisting with the cost of transporting the coach to England?’ The answer is yes.

**Senator CHRIS EVANS**—I got most of my best information on this from the press, not the department. In fact, you might recall that, when the decision was taken by the government to approve the funding, there was no press release and no announcement was made. It was only when it appeared in the budget papers later as a special appropriation that it came to public light. So we have been playing a bit of catch-up since then. Anyway, we are in a situation where you have allocated up to \$100,000 to pay for the freighting of the coach which you thought was finished but which Mr Frecklington still wants to do more things to. You do not know when it will be actually transported?

**Mr Borrowman**—No, we do not. I would also say that, when you say up to \$100,000, whilst there is no particular science to this I would be very surprised if it cost that much to transport. We will seek some quotations, but I would be fairly confident that it would not be anywhere near that order of magnitude.

**Senator CHRIS EVANS**—You did not seek any quotations when you paid the first bill. Why would you be doing it at this stage?

**Mr Borrowman**—I do not think there were any other people in the market building state coaches. There are other people in the market providing transport.

**Senator CHRIS EVANS**—Yes, but you did not get a quote beforehand; you just accepted the bills he sent you. You are telling me that you are arranging for the transport or is he?

**Mr Borrowman**—We will be paying for the transport. We have not got down to the detail of who will provide it or how that will be arranged. But I would expect that we would call for quotes for the transport.

**Senator CHRIS EVANS**—So you are going to be more hands-on in helping to arrange the transportation?

**Mr Borrowman**—I would not say that we are going to be more or less hands-on. I do not know. When the coach is ready we will approach that question.

**Senator CHRIS EVANS**—But the implication in your answer is that you will be getting quotes and taking some sort of due diligence over the cost of the transportation. That is not something that was followed in terms of the construction of the coach.

**Mr Borrowman**—We could ask Mr Frecklington to provide the quotes. As I said, we will cross that bridge when we come to it.

**Senator CHRIS EVANS**—So how do you know that it will not be \$100,000?

**Mr Borrowman**—I have made some broad inquiries about what kind of quantum we expect. As I say, I would not like to hold any science to them, but the people I have spoken to have said that they would be surprised if it were that amount of money.

**Senator CHRIS EVANS**—So you have been asking about what it costs to transport a coach to Britain? Are we flying it or shipping it?

**Mr Borrowman**—No decision has been made on that yet.

**Senator CHRIS EVANS**—You have been getting some cost comparisons. Is it cheaper to fly it or ship it?

**Mr Borrowman**—You are reading too much into my answer. We have not been to any companies and we have not made any formal inquiries. We have talked within the department about the quantum or amount of money that might be expected in this case. Of course, there is no precedent that we are aware of for transporting a coach.

**Senator CHRIS EVANS**—I see—so you have made your judgement that it will not cost \$100,000 by chatting to other people in the department? They have had experience in transporting coaches in the past, have they?

**Mr Borrowman**—No, Senator—

**Senator CHRIS EVANS**—Seriously, have you made inquiries of someone who does this or have you not?

**Mr Borrowman**—No, we have not. I have not said that we have.

**Senator CHRIS EVANS**—I am not trying to trap you. Basically, you think that it will be a lot less than \$100,000, but you are not sure why—it just seems like that would be too much?

**Mr Borrowman**—I do not quite accept that characterisation, but, to the extent that your point is that we have not costed the coach or the sending of the coach, I accept that.

**Senator CHRIS EVANS**—This coach was to be the 80th birthday present for the Queen, wasn't it?

**Mr Borrowman**—Not from the Australian government. The coach is a private arrangement between Mr Frecklington and the palace.

**Senator CHRIS EVANS**—Except that you are using 350 grand of taxpayers' money. Putting that to one side, it is a private gift from Mr Frecklington. But we have a bit of a stake in it now, haven't we?

**Mr Borrowman**—We have made a grant to Mr Frecklington in recognition of the Australian craftsmanship in the coach. The Australian government makes grants to all sorts of bodies and events but it does not necessarily give it any ownership or sponsorship of that.

**Senator CHRIS EVANS**—But the reason we did so is that in part it was a gift to the Queen on her 80th birthday. I have just been told that her 80th birthday—and I know that it is very confusing in Australia because the Queen's birthday holiday is held on a date which bears no relationship to when her birthday is—was on 21 April 2006. But you are still unaware of when we are going to deliver the birthday gift. I have been late in delivering birthday presents to members of my family, but even I have not been over a year and a half late. You really have no idea when it is likely to be delivered?

**Mr Borrowman**—No, Senator.

**Senator CHRIS EVANS**—Have you been out to inspect the coach?

**Mr Borrowman**—I have not inspected the coach. Nobody from the department has inspected the coach.

**Senator FAULKNER**—You have just looked at the photographs?

**Mr Borrowman**—The photographs were drawn to my attention; therefore I looked at them.

**Senator CHRIS EVANS**—Has the Prime Minister inspected the coach?

**Mr Borrowman**—Not to my knowledge.

**Senator CHRIS EVANS**—Have any cabinet ministers looked at it?

**Mr Borrowman**—Not to my knowledge.

**Senator FAULKNER**—They might be riding in it soon.

**Senator CHRIS EVANS**—Are you likely to meet the insurance costs on the shipping as well?

**Mr Borrowman**—I will have to take that on notice.

**Senator CHRIS EVANS**—What is the nature of what is now authorised for you to spend on the coach project?

**Mr Borrowman**—The costs of transporting the coach to England.

**Senator CHRIS EVANS**—You won't be picking up the costs of any bits and pieces that Mr Frecklington is still adding to the coach?

**Mr Borrowman**—No, there has been no decision to that effect. A decision was made to make a grant to Mr Frecklington, as I say, in recognition of the Australian craftsmanship, and that has been done.

**Senator CHRIS EVANS**—As I understood it, the decision was to make a global budget of \$350,000. Has there been a subsequent decision by cabinet?

**Mr Borrowman**—No, there has not. As I said before, the question of \$350,000 was more in the nature of an envelope. It is not that we have to spend the \$350,000.

**Senator CHRIS EVANS**—No, I accept that. As I understand it, the decision did not say '\$250,000 to be spent on brass, bronze, paint and what have you'. It said 'a global amount of \$350,000'. Is it possible for him to come back and ask for more for additional craftsmanship and parts costs?

**Mr Borrowman**—It is a hypothetical question. Mr Frecklington could write a letter but there is no provision for us to give him any more money.

**Senator CHRIS EVANS**—Except the global envelope of \$350,000.

**Mr Borrowman**—That was a question of a payment for the recognition, and that payment has been made, and a payment for the transportation is yet to be made.

**Senator CHRIS EVANS**—My point is that that was not the original cabinet decision, was it?

**Mr Borrowman**—Could you be more precise, Senator?

**Senator CHRIS EVANS**—Cabinet did not decide to spend \$245,548.73 on construction costs.

**Mr Borrowman**—That is correct. It decided to make a contribution in recognition of the Australian craftsmanship. The information that Mr Frecklington submitted was examined; that amount of \$245,000 was resolved upon as meeting that part of the decision. Therefore, what remains is the transport cost.

**Senator CHRIS EVANS**—You are telling me the decision rules out him seeking further funding for other work he does on the coach?

**Mr Borrowman**—I am just a bit reluctant because you say 'rules out'. It is hypothetical. Mr Frecklington could write another letter and I could not say at this stage what would happen to it.

**Senator CHRIS EVANS**—The Prime Minister might take that to cabinet as well. What contact have you had with Mr Frecklington since you met his bill for \$245,000?

**Mr Borrowman**—There has been some contact by the department to make the payment arrangements, as in sorting out bank account details, but that is it.

**Senator CHRIS EVANS**—Did you pay him in just one cheque?

**Mr Borrowman**—It was an electronic fund transfer.

**Senator CHRIS EVANS**—When did you do that?

**Mr Borrowman**—I have December 2006. Naturally I can give you the exact date if you wish but I will have to come back to you on that.

**Senator CHRIS EVANS**—Has there been any further correspondence from Mr Frecklington to the Prime Minister or the cabinet apart from his request and then the list he provided for costs of goods?

**Mr Borrowman**—I am pretty confident that the answer to that is ‘no’. I have it here in my papers. I can check and come back to you in the course of this evening’s sitting, just to confirm that.

**Senator CHRIS EVANS**—Basically, once you agreed what you were going to pay, you paid him for it and that is the end of the matter.

**Mr Borrowman**—Yes.

**Senator CHRIS EVANS**—Did someone go out and verify that these moneys had been expended on the coach?

**Mr Borrowman**—Nobody from the department has seen the coach or visited Mr Frecklington.

**Senator CHRIS EVANS**—What sort of verification did you require before approving the \$245,000?

**Mr Borrowman**—The decision was made on the basis of the list of items that Mr Frecklington had submitted to us.

**Senator CHRIS EVANS**—So he sent you copies of his bills?

**Mr Borrowman**—No. He sent the list, of which you have a copy.

**Senator CHRIS EVANS**—So you have not done any auditing of the bills versus the list he sent you?

**Mr Borrowman**—No.

**Senator CHRIS EVANS**—But you did rule out some of the expenditure he sought reimbursement for, didn’t you?

**Mr Borrowman**—Ruled out one item.

**Senator CHRIS EVANS**—Only one.

**Mr Borrowman**—One item.

**Senator CHRIS EVANS**—What was that?

**Mr Borrowman**—Interest.

**Senator CHRIS EVANS**—Interest on the premises he was using.

**Mr Borrowman**—No. Interest on moneys he had borrowed to undertake the project.

**Senator CHRIS EVANS**—I see. So everything but the interest was met.

**Mr Borrowman**—Of that list that he gave us, yes.

**Senator CHRIS EVANS**—Do you know what that represented in terms of the total costs?

**Mr Borrowman**—What what represented?

**Senator CHRIS EVANS**—The money you paid. Did you pay 100 per cent of it or did you pay 90 per cent?

**Mr Borrowman**—If the question is against the total value of the coach then I do not know that because we do not know the total value of the coach, but if the question is against the list of items that was submitted then it would have been, I would imagine, up around 80 or 90 per cent.

**Senator CHRIS EVANS**—Given that the only thing you knocked off was the interest he had paid on borrowings, of course not accounting for volunteer time—I am sure he put in a lot of time himself; I do not doubt the hours it must have taken—it looks like you met the majority of the rest of the expenditure.

**Mr Borrowman**—We did not meet expenditure because we have not bought anything. It is not by way of an invoice or anything like that. It is the basis on which we calculated the amount of the grant which we would make to Mr Frecklington.

**Senator CHRIS EVANS**—I think Senator Ray asked last time—it would be remiss of me to not follow it up—whether or not there was any agreement about the Commonwealth being given recognition for its contribution to the project.

**Mr Borrowman**—I do not recall the question. It certainly was not one that appeared in questions taken on notice. I would have to—

**Senator CHRIS EVANS**—No, it was a conversation with Mr Leverett at the time. I was just wondering whether, subsequently, there had been any arrangements to recognise the Commonwealth contribution.

**Mr Borrowman**—We have made no such arrangements with Mr Frecklington.

**Senator CHRIS EVANS**—I know we do not let people erect a flagpole without putting a plaque down acknowledging our contribution. I just wondered whether we were going to get a plaque on the coach or something.

**Senator FAULKNER**—I want to ask about the appropriation itself. There is something I have never understood, and no doubt you can explain it to be, Mr Borrowman. From what outcome or appropriation was the money for this State Coach Britannia appropriated?

**Mr Twomey**—The appropriation to the department occurred in the 2006-07 additional estimates process. It was made to outcome 1 of the department. The department has just one outcome. Could you repeat the question?

**Senator FAULKNER**—I was asking from what appropriation was the money found for this State Coach Britannia?



**Mr Twomey**—The money was appropriated through Appropriation Bill (No 3) 2006-07. It was appropriated to outcome 1 of the department and output group 4. It was appropriated for the administrated program, state occasions and official visits.

**Senator FAULKNER**—How is it identified? Is that in the additional estimates?

**Mr Twomey**—Yes, that is right.

**Senator FAULKNER**—Additional estimates 2006-07?

**Mr Twomey**—Yes.

**Senator FAULKNER**—How is it identified in the AES?

**Mr Twomey**—It is identified as a measure in the portfolio additional estimates statements for 2006-07.

**Senator FAULKNER**—I do not have the additional estimates statement in front of me. Could you tell me the page?

**Mr Twomey**—It is page 13.

**Senator FAULKNER**—Could you read how it is identified please?

**Mr Twomey**—The table is 1.2 ‘Summary of measures since the 2006-07 budget’, under the heading, ‘Expense measures’. It has the subheading, ‘State occasions and official visits—additional funding’.

**Senator FAULKNER**—So how does the coach fit into a state occasion and official visit? It sounds a bit shonky to me.

**Dr Morauta**—I think that gifts are included in that item. Is that right; is that the sort of thing it covers?

**Mr Twomey**—Yes, it does.

**Dr Morauta**—I think the broad ambit or range of that item is that kind of thing.

**Senator FAULKNER**—So the coach is not identified at any stage in the additional estimates. You have just told me it is under ‘State occasions and official visits—additional funding’.

**Mr Twomey**—That is the measure, the name of the title.

**Senator FAULKNER**—What is the dollar value of that measure?

**Mr Twomey**—It is \$350,000.

**Senator FAULKNER**—Why is it not identified as the coach?

**Dr Morauta**—It is at another point in the document. We are just checking the measure title, but if you go to page 5 of that document it says:

- to fund specific costs associated with the construction of the State Coach Britannia.

**Senator FAULKNER**—What page is that?

**Dr Morauta**—That is on page 5 of the AE statement, those are the descriptions of the measures. The summary of the measures does not pick that up in quite the same form. I am not quite sure why that is.

**Senator FAULKNER**—I missed that last point, Dr Morauta.

**Dr Morauta**—It describes the measure as being called ‘State occasions and official visits—additional funding’. But in this more complete listing it tells you that it is to fund specific costs of the construction of the state coach. In the MYEFO statement, you get that rather obscure title, which you are commenting on, State occasions and official visits—additional funding, but the measure description says that it is about the state coach.

**Senator FAULKNER**—Who is the Department of the Prime Minister and Cabinet officer who was responsible for the authorisation of the state coach payment?

**Mr Borrowman**—That would be me.

**Senator FAULKNER**—So you authorised the payment?

**Mr Borrowman**—Yes.

**Senator FAULKNER**—Under what appropriation authority did you do that?

**Mr Twomey**—Mr Borrowman has the delegation to spend public moneys in accordance with the delegation provided by the finance minister to the secretary of the department; he has been sub-delegated. As division head Mr Borrowman can spend up to the limit of the division’s budget allocation for the year, and to the limit of administered programs that he is responsible for.

**Senator FAULKNER**—So what is your delegation and what is the amount of the delegation you hold?

**Mr Borrowman**—I do not know off the top of my head.

**Senator FAULKNER**—You signed it off, so it must be at least \$350,000.

**Mr Borrowman**—What I signed off was the authorisation for the payment of the grant of \$245,000 to \$250,000.

**Senator FAULKNER**—All right, so it must be at least \$245,000.

**Mr Twomey**—His delegation is the limit of his budget for his division, which is \$1.4 million, as well as the limit of the administered programs which he administers, which in this case is about \$2.3 million.

**Senator FAULKNER**—At any stage was advice sought about this payment from the legal branch in the department?

**Mr Borrowman**—Again, I am not 99 per cent confident; I will have to double-check that the answer is no.

**Senator FAULKNER**—Did anyone at any stage ever have any concerns about the legality of the payment?

**Mr Borrowman**—That goes to people’s states of mind.

**Senator FAULKNER**—Let me put it this way so that it is not a question of state of mind. I am not interested in anyone’s state of mind, because if I was, Senator Minchin would jump all over me, I am quite sure. Was any action taken by any official in the Department of the Prime Minister and Cabinet to check the legality of the payment or appropriation process?

**Mr Borrowman**—Yes, and we are confident that the payment has been made appropriately.

**Senator FAULKNER**—When was that done?

**Mr Borrowman**—In the course of processing the payment.

**Senator FAULKNER**—Whom was it done with?

**Mr Borrowman**—It was done within the department, it being my division, with the finance people and in consultation with the department of finance.

**Senator FAULKNER**—What initiated that action? What were the concerns that meant that you wanted to take that course of action? And when did it happen?

**Mr Borrowman**—It was less a concern in that my division does not normally administer grants and that it was a slightly unusual circumstance, so we wanted to check the procedures.

**Senator FAULKNER**—When did this checking process start?

**Mr Borrowman**—By definition, after the decision, but I would have to take that on notice if you wanted a series of dates.

**Senator FAULKNER**—What do you mean ‘after the decision’? After the cabinet decision?

**Mr Borrowman**—Yes, in terms of processing the payment.

**Senator FAULKNER**—How soon after the decision did departmental officers start to check the legality of the process?

**Dr Morauta**—You said that it was the legality of the process. I am not sure it is that, so much; it is just how the process is.

**Mr Borrowman**—The process was made. We have a cabinet decision to make a grant, we undertook a process to look at how that might be made, we came up with the amount of \$250,000 and that money was paid. Throughout that process there was this process of consultation to work it through.

**Senator FAULKNER**—That is what I am trying to get to the bottom of: the consultation process. Did it include advice from outside the department? Did it include advice from Senator Minchin’s department, the Department of Finance and Administration?

**Mr Borrowman**—It included consultation with the Department of Finance and Administration—yes.

**Senator FAULKNER**—What was that consultation about?

**Mr Borrowman**—About the appropriate means of paying the moneys.

**Senator FAULKNER**—At what stage of the process was that sought?

**Mr Borrowman**—Again, Senator, are you looking for a date or a concept here? I am not quite certain what the question is after.

**Senator FAULKNER**—I would prefer a date but I do not think you are going to give me a date, so let us try a concept and see how we go.

**Mr Borrowman**—I am very happy to give you a date; I just do not have it with me.

**Senator FAULKNER**—Okay. As I said, let us try the concept.

**Mr Borrowman**—I have explained the concept, which is that this was a slightly unusual payment.

**Senator FAULKNER**—You are implying it is slightly unusual. I think it is very unusual. I repeat, very unusual. In fact, I am not at all convinced it is not completely shonky at this stage—that is what I am trying to get to the bottom of. With this slightly unusual payment, was it the payment or the appropriation that was of concern to the department? Was it the acquittal process? What is the problem here? What were you checking up on?

**Mr Borrowman**—We were checking up on what form the process should take.

**Senator FAULKNER**—What do you mean by process?

**Mr Borrowman**—Is it a grant, which is what it was essentially decided to be in the end.

**Senator FAULKNER**—Who decided it was a grant? Did your department decide that?

**Mr Borrowman**—Yes.

**Senator FAULKNER**—How long after the cabinet decision did you decide it was a grant?

**Mr Borrowman**—I would have to refer to the documentation.

**Senator FAULKNER**—What were your alternatives? If it was not to be a grant, what else could it have been?

**Mr Borrowman**—It might have been an ex gratia payment. I do not know what else it might have been.

**Senator FAULKNER**—So cabinet makes the decision and then you have got the whole of the Department of the Prime Minister and Cabinet in consultation with the Department of Finance and Administration scurrying around trying to work out a way to pay it, trying to give this thing a bit of legs, because it is so unusual.

**CHAIR**—I do not think Mr Borrowman scurries.

**Senator Minchin**—Don't put words in his mouth, Senator Faulkner. You are free to characterise as you like, but—

**Senator FAULKNER**—I am not saying that Mr Borrowman was scurrying around—I said the department was scurrying around.

**Senator Minchin**—It is just a rhetorical assertion.

**Senator FAULKNER**—It is a rhetorical assertion which seems to be justified by the evidence that has been provided by officials.

**Senator Minchin**—No, they are just doing their job properly. They have got to make sure any grant by the government is done according to law. It is not unusual to do that in this case.

**Senator FAULKNER**—I am sorry, that is not the evidence. You have not been listening.

**Senator Minchin**—I have been listening very carefully.

**Senator FAULKNER**—The first thing I wanted to establish was whether it was a grant, whether they could get away with it being a grant or an ex gratia payment.

**Senator Minchin**—They were not getting away with it. They wanted to make sure that the cabinet decision could be properly implemented according to law.

**Senator FAULKNER**—Of course it is a question of getting away with it—it is so unusual, Senator Minchin.

**CHAIR**—Senator Faulkner, your question to Mr Borrowman?

**Senator FAULKNER**—No, at this stage I am asking Senator Minchin questions.

**CHAIR**—Your question to Senator Minchin then.

**Senator Minchin**—I intervened to ensure that you do not harass Mr Borrowman—

**Senator FAULKNER**—No, now I am harassing you.

**Senator Minchin**—who is simply properly reporting that he, like a good public servant, made sure, as he should with all such payments authorised by cabinet, that they are done according to law including the due proper process—that is their job.

**Senator FAULKNER**—The evidence we have received now is that the department, having had these moneys voted by cabinet, then decided to work out whether it was a grant or an ex gratia payment. What other alternatives, Mr Borrowman, were there?

**Mr Borrowman**—I do not believe there were any others.

**Senator FAULKNER**—They were the two that you looked at, whether you would treat it as a grant or an ex gratia payment?

**Mr Borrowman**—It was more a question of how do we properly implement this decision, as Senator Minchin has said. And in that sense we did not go out and say, 'It is going to be A or B.' We said, 'We have a decision, how should we implement this decision?'

**Senator FAULKNER**—So you sought advice from the Department of Finance and Administration?

**Mr Borrowman**—Yes.

**Senator FAULKNER**—Are you able to share the broad thrust of that advice with the committee?

**Dr Morauta**—It was more of an iterative process than a one-off question. I think we eventually decided how we were going to handle it. I am not sure that the department of finance advice was the only thing we took into account at this stage.

**Mr Borrowman**—No, and I did not say it was. As I say, we consulted internally and with the department of finance.

**Senator FAULKNER**—I could not hear that I am sorry, Mr Borrowman. Would you say that again?

**Mr Borrowman**—I was responding to something Dr Morauta had said that the department of finance were not the only people we consulted with and I was simply saying that I had not said that. We consulted internally and with the department of finance.

**Senator FAULKNER**—I appreciate that, but there was no other external consultation apart from the department of finance?

**Mr Borrowman**—No.

**Senator FAULKNER**—And you consulted internally?

**Mr Borrowman**—Yes.

**Senator FAULKNER**—Was the legal branch consulted—you do have a legal branch don't you?

**Mr Borrowman**—We do have a legal branch. As I said before, my recollection is that it was not consulted, but I will double-check that.

**Senator FAULKNER**—Who was consulted in the department about this? What sort of advice were you seeking from what branches of the department or interest groups in the department?

**Mr Borrowman**—From my finance colleagues from the CFO.

**Senator FAULKNER**—Were any other advices sought?

**Mr Borrowman**—No.

**Senator FAULKNER**—Has the Department of the Prime Minister and Cabinet ever had a discretionary grants program at all?

**Mr Borrowman**—Yes, Senator.

**Dr Morauta**—We have had a number of these in the past. You may recall that the Office of the Status of Women was in the department for quite a while, and it had quite considerable discretionary grants programs. We have another one running at the moment in the National Security Division. It is the SET grant—the science, engineering and technology grant. We do have a discretionary grants program, but they are not common in the department. We have to check how we are handling them when we have something new.

**Senator FAULKNER**—Fair enough. Dr Morauta, can you explain to me what processes were put in place to ensure that Commonwealth taxpayers got value for money with the Britannia coach? What were the processes that were put in place by the department to ensure value for money, which is critical of course, as the Auditor-General tells us. You can confirm that, can't you?

**Dr Morauta**—The department, acting on a decision by cabinet, received this statement from Mr Frecklington of the costs that he had incurred. Mr Frecklington said that the documentation behind this was available for audit if required. The department considered, having looked down the list, that the only one they would exclude from that was the interest payment, and made the payment. We did not have any doubt that these were expenses that he had incurred, and we made a grant payment to him.

**Senator FAULKNER**—Let me repeat my question. What processes did the Department of the Prime Minister and Cabinet put in place to ensure that the Commonwealth received value for money from this particular project?

**Dr Morauta**—I could be corrected by other people, but I think the essential structure of assessing grants is that you receive the benefit or the outcome that you sought. In this case we were not in any doubt that the coach was being delivered, that it was being built, and we were satisfied with the payment.

**Senator FAULKNER**—But it was not delivered at all. It was supposed to be delivered for the Queen's 80th birthday.

**Dr Morauta**—My mistake—it was being built.

**Senator FAULKNER**—How did you check that by photographs? What on earth did the department do to check this process? I am probably going to write to the Auditor-General about this anyway. The more I hear about this the more shonky I am starting to think it is. I do not really want to go down that track; I just want to understand what the situation is here in relation to the Commonwealth processes. What benchmarks were set for the payment of the \$250,000 before the moneys were transferred?

**Dr Morauta**—I am not sure what you mean by benchmark, Senator.

**Senator FAULKNER**—What benchmarks, what value for money—what checks were made?

**Dr Morauta**—The concept of making a grant—I might ask somebody else to help me here if they can—is that, in this case, you make a contribution to the cost of something. We were satisfied that this was a contribution to the cost. We were satisfied that the cost had been incurred, and we made the payment.

**Senator FAULKNER**—But did you make the payment on the basis that the coach would be finished in time for the Queen's 80th birthday or not?

**Dr Morauta**—No, Senator.

**Senator FAULKNER**—That was never a problem. So the department was going to pay up to \$350,000 for an 80th birthday present for the Queen, and the Department of the Prime Minister and Cabinet did not give a damn whether she got it when she was 90. That is what you are telling me.

**Dr Morauta**—No, that is not what I said. I said that it was not a condition of the grant. The grant was made in December last year.

**Senator FAULKNER**—What conditions were on the grant?

**Dr Morauta**—It was a grant towards the costs of the coach.

**Senator FAULKNER**—You said that was not a condition of the grant. Were there any conditions on the grant at all?

**Dr Morauta**—No.

**Senator FAULKNER**—It was a conditionless grant? I cannot believe that. A grant of up to \$350,000 is provided without any conditions—no requirements, nothing. Can you believe that, Senator Murray?

**Senator MURRAY**—It could be just a photograph of a model.

**Senator FAULKNER**—Has the Auditor-General taken any—no, I suppose he has not.

**Senator MURRAY**—Can I make a remark about verifying your payment. It could be a photograph of a model, effectively.

**Senator CHRIS EVANS**—What is amazing is that, since this time, there has been no effort to go out and even inspect it. I understand—I do not accept it as proper practice—that the authority to spend on it was made by cabinet because the Prime Minister walked in with a letter. I understand the department's difficulties in this regard and, as I understand it, they did not know about it, had not been briefed and had not had a chance to be involved in the process prior to it coming out of cabinet. I gather the Prime Minister walked into cabinet and said, 'Tick off on this.' It seems to me the very least you could have done after that was go and verify that the coach had been built. Now it seems you are going to pay for it to be transported—again without actually knowing that it exists. It seems a remarkable state of affairs.

**Senator FAULKNER**—Are we aware of any senior officer of the department—I am hoping Dr Shergold invited the Auditor-General to examine this payment process in relation to the Britannia coach or, if not, more broadly, the payment processes that are in place in the Department of the Prime Minister and Cabinet, which should be setting an example for every government department and agency. Has that been done?

**Dr Morauta**—You are asking a question about whether the ANAO—

**Senator FAULKNER**—I am asking whether Dr Shergold—I assume it would be Dr Shergold's responsibility—has asked the Auditor-General to examine the payments and acquittal process and grant processes in relation to this matter or, more broadly, the processes that are in place in the Department of the Prime Minister and Cabinet.

**Dr Morauta**—No, Senator, not beyond—

**Senator FAULKNER**—He should.

**Dr Morauta**—the regular audit processes.

**Senator FAULKNER**—I hope after this hearing you will draw to his attention the extraordinary evidence that is being provided by the officers at the table and encourage him to do so.

**Senator Minchin**—I think you are reflecting on the officers, Senator.

**Senator FAULKNER**—I am not reflecting on the officers; I am making—

**Senator Minchin**—You are. They have properly implemented a cabinet decision. You can attack the cabinet decision but you are reflecting on their implementation of it quite unfairly and improperly. You are happy to go out into the political arena and attack us for making agreements—that is fine.

**Senator FAULKNER**—I am happy to do that.

**Senator Minchin**—You do that; that is fair enough—

**Senator FAULKNER**—I am talking about the processes that—

**Senator Minchin**—but do not attack these people for their implementation.



**Senator FAULKNER**—Just listen for a moment: I do not mind you being critical of me but I am actually not attacking the individuals; I am attacking, quite rightly, the most disgraceful processes that have occurred within the Department of the Prime Minister and Cabinet. Don't misinterpret what I am saying. I am not necessarily blaming any of the officers at the table, but the processes of the department leave an awful lot to be desired. And I am surprised that you do not recognise that, Senator Minchin, from the evidence that you have heard as the minister for finance. I am surprised you do not share my concerns. It is not a matter of personal criticism of the officers; I am never into that, as you know. I do not engage in that sort of criticism—

**Senator Minchin**—I hope not. I accept that what you are criticising is the process rather than their particular behaviour.

**Senator FAULKNER**—I am talking about the processes in the department.

**Senator Minchin**—Fine.

**Senator FAULKNER**—You do not have to agree with that.

**Senator Minchin**—No, I do not.

**Senator FAULKNER**—No, you do not have to agree with that. But I asked a question as to whether Dr Shergold had taken any action and effectively suggested, through you or Dr Morauta, that this evidence be drawn to his attention, because I think—

**Senator Minchin**—I do not think any of the officers at the table are conceding your point on process. Although you are entitled to say what you think about the process, they are not conceding that—which is what you are asking them to do.

**Senator FAULKNER**—No, I am asking them to draw it to the attention of Dr Shergold. Again, you are not listening.

**Senator Minchin**—My experience is that most secretaries look at *Hansard*, and I am sure that Dr Shergold will.

**Senator FAULKNER**—And there is evidence to suggest that Dr Shergold does that too. I do not doubt that.

**Senator Minchin**—But do not invite them by implication to accept your point or to concede your point on process.

**Senator FAULKNER**—Don't put words into my mouth, Senator Minchin.

**Senator Minchin**—You are attempting to put words in their mouths which I am refuting.

**Senator FAULKNER**—I am not actually; I am asking a question about a process that I think is quite extraordinary. There is a lack of checks, a lack of due process, a lack of any adherence at all to the Auditor-General's guide to the way these grants are administered, which I have read and have been involved in at previous hearings, as you might be aware, in great detail. This does not appear to apply to the Department of the Prime Minister and Cabinet in this case. My concern here, Senator Minchin—and I am disappointed that you do not share it—is that this is the department that should be setting an example for all others, and so should yours. The Department of the Prime Minister and Cabinet and the Department of

Finance and Administration need to be setting the example for all other departments and agencies, and this case is absolutely appalling in my view—

**Senator Minchin**—Yes, that is your personal opinion, which is not accepted by me or officers at the table.

**Senator FAULKNER**—and, I hope, not shonky.

**CHAIR**—Senator Watson has a question on this point. Senator Watson.

**Senator WATSON**—On a point of clarification as to the existence and build of the coach, I am aware that one or more members of the House of Representatives have actually seen said coach and actually admired the high standard of craftsmanship. I just wanted to put to rest the question of doubt about the existence of the coach.

**Senator MURRAY**—On that point of clarification, did they let the department know that they had inspected it and their views of it?

**Senator WATSON**—I cannot speak on their behalf.

**Senator MURRAY**—Again, on the point of clarification, that leads to the direct problem of process: you cannot pay for something which has not been verified to specifications that you have created. That is the point being made.

**Senator FAULKNER**—You cannot have an Auditor-General's guide to the administration of discretionary grants programs and then have the Department of the Prime Minister and Cabinet junk it, which is what they have done here. They have completely junked it. That is not good enough.

**CHAIR**—Are there any further questions on this issue?

**Senator CHRIS EVANS**—I would like to go back to Mr Borrowman and take him back to the evidence that Mr Leverett gave to us when we first raised this issue in the additional estimates, when we discovered the item in the PBS. I quote Mr Leverett:

The decision was to make a contribution to the construction costs. Mr Frecklington was then invited to submit his known costs, and a decision was taken on the basis of those costs.

We raised with him at one stage the question of insurance for transport. He said he did not know anything about that. The clear implication at the time was that the \$250,000 was for construction costs and that was it. I am sure that in the initial discussion there was no question of transportation costs. I do not want to argue about whether we should or should not have known, but looking back at the evidence Mr Leverett gave at the time it certainly was not brought to our attention that there was any intention to pay for transport costs. What I am asking you is: was there anything in the cabinet decision that envisaged the payment of transport costs?

**Mr Borrowman**—We have acknowledged that the decision was made by cabinet. I do not think we have gone into the decision. In that sense I am happy to answer the question, as we have in response to PM67, that the Commonwealth will be assisting with the costs of transporting the coach to England. That is part of the decision which was taken by cabinet.

**Senator CHRIS EVANS**—That is what I am wondering—whether it is.

**Mr Borrowman**—I am giving you evidence that it is.

**Senator CHRIS EVANS**—Sorry?

**Mr Borrowman**—I am giving you evidence, not that it was part of the decision but that we will be assisting with the costs.

**Senator CHRIS EVANS**—I want to be careful here, but that was not Mr Leverett's evidence at the time. I am not accusing Mr Leverett of anything but we had quite a long discussion about these issues. On a check of the *Hansard* this question of transport costs did not arise. I would have thought Mr Leverett, being a competent officer, would have raised it. There was a clear impression received from him on that occasion; he said:

The decision was to make a contribution to the construction costs.

Subsequent to that it seems you have also made a decision to now fund the transport costs.

**Dr Morauta**—I think what Mr Borrowman said is correct—that the cabinet position covered the two arms of this thing: the construction and the transport. If it did not get raised in that earlier Senate estimates, we did not have any intention to omit something or mislead you, and the answer to the question which we gave was very clear: there was transport on the other side. It just bears out that, if it did not get raised in the way the questions fell out on that particular occasion, there was no intention to hide from you the fact that there were transport costs to be covered too.

**Senator CHRIS EVANS**—I am very careful; I am not making any suggestion that Mr Leverett sought to mislead me. It is the case that I may not have asked the right question, which was: are you intending to pay the transport costs as well? But given that we had a long discussion about the costs, and the detail of the \$250,000 was provided, one would have thought at some stage that the question of whether or not there were going to be any costs above the \$250,000 would have been raised. I am genuinely surprised that we now hear that we are up for costs beyond the construction costs and that there did not seem to be any mention of that at the time.

**Dr Morauta**—I just cannot clarify how that arose, but we went into that meeting knowing that there were those two elements. I am quite sure Mr Leverett knew about it too. I am just not quite clear why it came out that way, if that was what your take on it was.

**Senator CHRIS EVANS**—When you said you went into that meeting knowing that, which meeting—

**Dr Morauta**—I am sorry; when we came to the last Senate estimates we knew that there were those two elements, and they have always been there in our view. So I am not quite clear on why, if it came out the way it did, it did.

**Senator CHRIS EVANS**—I will go back and recheck the *Hansard* because I have not reread the whole of it. But, as I say, I have asked my staff to go through it and they have come back with the description of the construction costs and then a bit of an exchange about insurance, which might have—

**Dr Morauta**—Which might have been confused with transport or something. I do not know. I have not looked at it myself.

**Senator CHRIS EVANS**—I will make it very clear: I am not accusing Mr Leverett of misleading me, because he was very helpful. But it certainly was not clear to us at the end of

that discussion that there were to be further costs incurred in relation to the \$250,000. I am prepared to accept that that was probably my fault for not asking the right question. But, given that we now find that it is more than \$250,000, we have no working estimate as to the cost of the transport, so we have no current idea as to what this project will end up costing the taxpayer, beyond the knowledge that the envelope is \$350,000. Is that right?

**Mr Borrowman**—I guess you could cut across it that way. The costs will be for the transport of the coach. I am not trying to split hairs. That is in the sense that the additional thing that we have undertaken is to meet the costs of the transport of the coach, and our envelope for that is \$350,000, of which \$250,000 has been expended.

**Senator MURRAY**—Does that include insurance?

**Mr Borrowman**—I do not whether that has been discussed yet.

**Senator MURRAY**—So insurance could be extra?

**Mr Borrowman**—It would depend on how transport was covered. Again, I would have to check that. We have not crossed that because the question has not arisen.

**Dr Morauta**—It seems sensible to me that insurance is associated with the transport but I do not know how that would be handled.

**Senator CHRIS EVANS**—Did Mr Frecklington's letter request support for the cost of transportation?

**Dr Morauta**—We will have to take that on notice, Senator.

**Senator CHRIS EVANS**—So you will take on notice whether or not he requested support for the shipping costs in that letter? Because you chose not to provide us with the letter, just with the list of expenses you had met.

**Mr Borrowman**—I will take that on notice, Senator.

**Senator CHRIS EVANS**—Thanks for that. We will leave the coach there.

**Senator FAULKNER**—I am going to ask a question that is based on a source that Senator Minchin will believe is not necessarily likely to be entirely accurate. However, that is a matter for him. That source is crikey.com. Have I put words into your mouth, Senator Minchin?

**Senator Minchin**—No. It is a fascinating bible of gossip, isn't it?

**Senator FAULKNER**—I do not think it is that fascinating, but there are some different interpretations. I just want to identify the source here, Dr Marauto, so that you are clear. This is from the Crikey website of 17 April 2007, under item 6, 'Tips and rumours'.

**Senator Minchin**—Gossip.

**Senator FAULKNER**—No, it does not say that; it says 'Tips and rumours'.

**Senator Minchin**—Right, sorry.

**Senator MURRAY**—I think your interpretation is better!

**Senator FAULKNER**—This relates to the PM&C's old building. This was obviously being reported at the time the old building was being knocked down. It states:

Meanwhile, the old building is being knocked down, and it looks like DOFA and PM&C are not worried about doing the right thing environmentally: the walls and ceilings are coming down with no effort to remove glass, aluminium or other recyclable materials from the site.

I wanted to ask Dr Marauto whether there was any justification for any criticism here of a lack of environmental concern and recycling of materials in the demolition of the old PM&C building.

**Dr Morauta**—My understanding is that there was a fair amount of recycling in the demolition of the building. I will ask Ms Hazell to come and give you the full details on that.

**Ms Hazell**—We have been advised by those responsible for the demolition that 97 per cent of the building materials on the site are being recycled.

**Senator FAULKNER**—Are you aware of this particular report on the Crikey website?

**Ms Hazell**—No, I was not, Senator.

**Senator FAULKNER**—You are saying to us that 97 per cent of the materials are being recycled.

**Ms Hazell**—That is what we have been advised by the building owners.

**Senator FAULKNER**—It sounds like a fairly high proportion to me, but I do not pretend to be necessarily absolutely expert in those modern building materials recycling statistics; I would have to admit that. Are you satisfied with that proportion?

**Ms Hazell**—I believe we are, not that it is our view to express an opinion. If you have ever seen a site as it is being demolished, they break up the steel reinforcing out of the concrete, recycle the broken-up concrete, take all the metal out of the building, take all the aluminium out of the building, the hot water heaters and all that sort of thing. Ninety-seven per cent is quite a high percentage.

**Senator FAULKNER**—It seems a high percentage to me.

**Ms Hazell**—My apologies, Senator, I have just been corrected. Later advice from the builders indicates about 90 per cent. It is still quite a high percentage.

**Senator FAULKNER**—Are you able to make any specific comment on glass or aluminium, which was identified in this report?

**Ms Hazell**—Not specifically. We were advised that the aluminium was being recycled. The awnings on the old building were made of aluminium.

**Senator FAULKNER**—Thank you. Senator Minchin, I am sure that you are pleased that that has been checked out too, aren't you?

**Senator Minchin**—I am pleased you are keeping such a weather eye on Crikey. Incredibly, my lack of faith in Crikey has been confirmed by the evidence, but you are entitled to pursue it.

**Senator FAULKNER**—That is very generous of you, Senator Minchin—you are all heart, there is no doubt about that.

**Senator CHRIS EVANS**—I have a few questions about the appointment of Donald McDonald as chief censor. I know this was an appointment by the Attorney-General, but I

want to ask about the PM&C's engagement with it. Was that appointment made by cabinet, or was it by the Attorney-General alone?

**Senator Minchin**—It was made by cabinet.

**Senator CHRIS EVANS**—So it was made by cabinet on the advice of the Attorney-General?

**Senator Minchin**—Yes.

**Senator CHRIS EVANS**—Do all sorts of appointments of that seniority generally go to cabinet?

**Senator Minchin**—Yes. The form is that the relevant minister writes to the Prime Minister proposing the appointment and saying, 'You may wish to take this to cabinet.' Formally it is a decision for the Prime Minister as to what appointments can be made either between the minister and the Prime Minister or whether they should go to full cabinet, but my experience is that they all go to cabinet, and that one certainly did.

**Senator CHRIS EVANS**—Is the department or the minister able to confirm for me the veracity of the publicly reported comments from Mr Ruddock that said the Prime Minister played no part in the discussions because he was out of the cabinet room when the decision was made. That has been reported in a number of papers. Do I take this to mean that the Prime Minister excluded himself from the decision making process, or had he gone to the bathroom?

**Senator Minchin**—It is not unusual for cabinet ministers who may have what they would deem a personal relationship with a proposed appointee to absent themselves from the decision. Normally that would mean physically absenting themselves. My recollection is that in that case, because of the well-known personal friendship between the Prime Minister and Mr Donald McDonald, he absented himself from the room. But as I say, it is not unusual for cabinet ministers to declare a personal relationship with a proposed appointee and to seek to avoid any commentary upon the matter by absenting themselves.

**Senator CHRIS EVANS**—Thank you for that, Minister. I was interested because—I hasten to add that I am not saying these were necessarily direct quotes—in a couple of places it was reported that Mr Ruddock said that the Prime Minister played no part and he was out of the room.

**Senator Minchin**—That is my recollection.

**Senator CHRIS EVANS**—You are confirming that it was a conscious decision for him to be out of the room in the sense that he took a decision to absent himself from the cabinet decision on this appointment. That was on the basis of his perceived potential conflict of interest, given his personal relationship—

**Senator Minchin**—He did not want it asserted and it is not unusual. My recollection is, and you may be aware, that Mrs Nicola Downer, the wife of the foreign minister, was appointed to the Australia Council on merit—a good appointment. My recollection is that the foreign minister obviously absented himself on that occasion. When there is a personal relationship of one kind or another or a relationship that is known in the public arena, it is not unusual, and I suspect that occurs at state level and at federal level on both sides of politics.

**Senator CHRIS EVANS**—Who was left in the room when you appointed Senator Vanstone to Italy—just the note taker?

**Senator MURRAY**—The other faction.

**Senator FAULKNER**—Did Senator Vanstone's appointment go to cabinet? Isn't it right that some of these diplomatic appointments do and some don't?

**Senator Minchin**—That is right. As I said before, the prerogative rests with the Prime Minister.

**Senator FAULKNER**—I was just asking whether Senator Vanstone's appointment went to cabinet?

**Senator Minchin**—I am not sure what that has got to do with PM&C and Donald McDonald.

**Senator FAULKNER**—Because this is the department that is responsible for cabinet.

**Senator Minchin**—It is a foreign affairs—

**Senator FAULKNER**—The 'C' of PM&C is cabinet.

**Senator Minchin**—Thank you for that, I have often wondered.

**Senator FAULKNER**—You know that and just let us move on.

**Senator Minchin**—That is a diplomatic appointment and I can come back to you on that.

**Senator FAULKNER**—You do not remember?

**Senator Minchin**—I am not going to answer that on the run, no.

**Senator FAULKNER**—Fair enough if you do not know, but I am surprised you do not know. But surely you can answer the question as to whether that particular appointment went to cabinet, but if you are saying to us you don't know—

**Senator Minchin**—I am just saying to you I will come back to you on that.

**Senator FAULKNER**—Why don't you answer us?

**Senator Minchin**—It is my business, not yours.

**CHAIR**—Senator Minchin said he will take that on notice and come back.

**Senator FAULKNER**—But why won't you answer it now then?

**Senator Minchin**—That is my business, not yours. I will get you an answer in due course.

**Senator FAULKNER**—You do not think there is a public interest in a simple matter as to whether Senator, or ex-Senator, Vanstone's appointment went to cabinet or not?

**Senator Minchin**—I am not saying your question is illegitimate. I am saying I will come back to you with an answer.

**Senator FAULKNER**—I am asking you why?

**Senator Minchin**—If I can do that tomorrow I will.

**Senator FAULKNER**—What possible reason is there for delay on that?

**Senator Minchin**—I have given you my answer.

**CHAIR**—Senator Faulkner, Senator Minchin has indicated he will take that on notice.

**Senator FAULKNER**—He just wants to cover it up for some reason.

**CHAIR**—He has indicated he will take it on notice.

**Proceedings suspended from 9.17 pm to 9.35 pm**

**CHAIR**—We will continue with general questions to the Department of the Prime Minister and Cabinet.

**Senator CHRIS EVANS**—I want to go back to the appointment of Donald McDonald as chief censor. Minister Minchin, was the Prime Minister the only one to excuse himself from that decision-making process?

**Senator Minchin**—I do not want to make it a practice of going through who is and is not in cabinet meetings for particular decisions. All I can say is my recollection is that it was only the Prime Minister.

**Senator CHRIS EVANS**—I am only going off what Minister Ruddock introduced into the public domain by referring to this decision. I assume it was because of the well-known, close friendship between the Prime Minister and Mr McDonald, but I just wondered whether there was anything else.

**Senator Minchin**—Not that I recall.

**Senator CHRIS EVANS**—Did the department play any role, Dr Morauta, in providing advice on the selection of the chief censor?

**Dr Morauta**—I have been advised that we had no role in that process.

**Senator CHRIS EVANS**—So when the advice came forward providing Mr McDonald's name it was not after discussions with or advice from the PM's department?

**Mr Anderson**—That is correct.

**Senator CHRIS EVANS**—Did you see the short list of names provided by the Attorney-General's Department or did it just come forward as a recommendation under an item from the A-G's Department?

**Mr Anderson**—I do not believe that we saw the short list of names.

**Senator CHRIS EVANS**—I understand that Mr McDonald was not the recommended applicant.

**Mr Anderson**—I could not comment on that, Senator.

**Senator CHRIS EVANS**—I am not asking you to. So, effectively there was no role then for PM&C in that selection process. Dr Morauta, I wanted to ask about the appointment of Mr Paul McClintock to the role of chair of Medibank Private. I am conscious that Minister Minchin is here in another capacity. I was actually going to ask about PM&C's engagement but I know the appointment is close to the minister's heart in that sense and I am conscious that he might want to contribute to save us going through it in his own portfolio area. I was going to formally ask about PM&C's engagement.



**Senator Minchin**—I am happy to say it was my recommendation to the Prime Minister, which he then took to cabinet, that Mr McClintock be appointed as the chairman. There are internal processes by which the PM&C advise the Prime Minister on proposed appointments by other ministers, which they can comment on. I am happy to confirm that it was my recommendation that he be appointed chairman, which the cabinet accepted.

**Senator CHRIS EVANS**—I was really acknowledging the fact that this is your responsibility in a capacity other than representing the PM here tonight. The actual formal recommendation comes from the Prime Minister, is that right? You said you recommended it.

**Senator Minchin**—As Minister for Finance and Public Administration and the shareholder minister in Medibank Private, I wrote to the Prime Minister, after consultation with the board and the rest of it, recommending that Mr Paul McClintock be appointed by the chairman. As is the norm, you formally say in the letter, 'It is a matter for you, Prime Minister, whether you wish to deal with this yourself or refer it to cabinet.' Not surprisingly, he referred it to cabinet and cabinet appointed Mr McClintock.

**Senator CHRIS EVANS**—So it goes forward to cabinet as a submission from the Prime Minister rather than as a submission from the minister?

**Senator Minchin**—No. It is a matter for the Prime Minister to forward the relevant minister's recommendation—in this case my recommendation. The Prime Minister's only role is to, in a sense, draw it to attention. You have a printed statement of proposed appointments before each cabinet meeting at which appointments are being considered. It has the name of the proposing minister, the name of the proposed appointments and the details of the position. The Prime Minister's only role is to merely make the formal decision upon receiving a proposal from a minister and to forward it to the cabinet for the cabinet's consideration of the minister's proposal, which is what happened in the case of Mr McClintock.

**Senator CHRIS EVANS**—But theoretically the Prime Minister could just—

**Senator Minchin**—Theoretically he can; it is within his ambit to agree to it of his own volition. But, as I said, particularly with appointments of chairmen and directors of GBEs, the norm is for it to be considered by cabinet.

**Senator CHRIS EVANS**—So you did not provide a short list; you made a decision yourself and then forwarded that to the PM?

**Senator Minchin**—Yes, I made a decision on the recommendation to put.

**Senator CHRIS EVANS**—And that was then approved by the full cabinet?

**Senator Minchin**—Yes.

**Senator CHRIS EVANS**—Did you absent yourself for that decision?

**Senator Minchin**—No, not as the proposing minister. I am happy to speak liberally about this. I do not regard my relationship with Mr McClintock as a close, personal friendship, as Mr Howard might characterise his relationship with Mr McDonald. Obviously I have known Mr McClintock professionally for some time, but I would not characterise it as a close, personal relationship or one that I deemed required my absence. Of course, I was the

proposing minister, so I wished to be available to advocate the case in case anyone had any questions.

**Senator CHRIS EVANS**—And the Prime Minister stayed for the decision as well?

**Senator Minchin**—Yes, I believe so.

**Senator CHRIS EVANS**—Maybe I ought to talk to you about the potential conflict of interest in the department of finance. I think you have acknowledged that there were questions about a potential conflict of interest, but they really go to your role as Minister for Finance and Administration and that role in the banking sector.

**Senator Minchin**—I am happy to deal with that in finance estimates.

**Senator CHRIS EVANS**—Dr Morauta, was the appointment of Mr McClintock to the position of Chairman of the COAG Reform Council earlier this year handled by PM&C?

**Dr Morauta**—I will ask Ms Goddard to answer questions on that process.

**Ms Goddard**—We made some suggestions of possible appointees to the Prime Minister and the Prime Minister decided to offer the appointment to Paul McClintock.

**Senator CHRIS EVANS**—So the department formed a short list of potential chairs for the reform council—

**Ms Goddard**—That is right.

**Senator CHRIS EVANS**—and forwarded that to the Prime Minister for his personal selection?

**Ms Goddard**—He made the decision on that occasion. This was part of a set of appointments where COAG had decided that the Commonwealth would appoint the chair of the council, the states and territories would appoint the deputy chair and the Commonwealth and the states would between them agree on the four members. The Prime Minister decided to appoint Paul McClintock and then advised the states and territories of his selection for that chair position.

**Senator CHRIS EVANS**—So he did not discuss Mr McClintock's name with them prior to the appointment?

**Ms Goddard**—With the states?

**Senator CHRIS EVANS**—Yes.

**Ms Goddard**—He wrote to them advising that that was who he was planning to appoint, just as the states and territories had written to the Prime Minister advising that they were appointing Dr Gallop to the deputy chair position.

**Senator CHRIS EVANS**—But they were not consulted on the short list or the selection; it was a courtesy—

**Ms Goddard**—No, because COAG had decided that the Commonwealth would appoint the chair and the states would appoint the deputy chair.

**Senator CHRIS EVANS**—I took that as your evidence. I am just wondering whether there was an informal process as well where people were asked whether they had violent objections or anything like that.

**Ms Goddard**—He wrote and advised them. They would have had a chance, if they wanted to, to write back objecting, but I understand there were no objections.

**Senator CHRIS EVANS**—Where did the department get the potential short list from?

**Ms Goddard**—We selected people who we knew to have experience in Commonwealth-state relations, an interest in this area and a broad policy experience, because the COAG national reform agenda embraces competition reforms, regulation reforms and human capital reforms—social policy type reforms.

**Senator CHRIS EVANS**—So internally within the department you threw a few names around and took the list up to the Prime Minister.

**Ms Goddard**—Yes. I think we asked Treasury for their views as well.

**Senator CHRIS EVANS**—Did you ask anybody else or just Treasury?

**Ms Goddard**—Just Treasury, from recollection.

**Senator CHRIS EVANS**—Did they recommend Mr McClintock?

**Ms Goddard**—My recollection is they were quite happy for his name to go forward to the Prime Minister.

**Senator CHRIS EVANS**—Did that decision go to cabinet?

**Ms Goddard**—It did not formally go to cabinet in terms of all the papers, but I am not sure if the Prime Minister mentioned it in cabinet at some stage to his colleagues.

**Senator CHRIS EVANS**—The question was: was it approved by cabinet? Obviously for information there might have been reporting, but the decision was made by the Prime Minister alone, effectively. Is that right?

**Ms Goddard**—That is correct.

**Senator CHRIS EVANS**—So obviously there was not a question of whether or not he absented himself from the decision-making process. Has the Remuneration Tribunal set the conditions for the chairman and the deputy chairman, or did that already exist?

**Ms Goddard**—No. Those conditions have not been finally settled yet, but we will probably take some guidance from the Rem Tribunal. The department is dealing with that matter at the moment, sorting out the final contracts and terms and conditions for all of the appointees.

**Senator CHRIS EVANS**—I see. So it is not for determination by the Remuneration Tribunal?

**Ms Goddard**—I do not believe so. I do not believe it is one that has to go to the Remuneration Tribunal, but it is open to us to seek their guidance, which we plan to do.

**Senator CHRIS EVANS**—What is the nature of the time commitment to Mr McClintock?

**Ms Goddard**—I would have to check what our estimates are based on, but a number of referrals were made to the COAG Reform Council at COAG meeting on 13 April. It is hard to estimate, but it is probably a few days a month or something of that order.

**Senator CHRIS EVANS**—So it is likely to be an arrangement where they are paid an annual amount to cover the anticipated workload.

**Ms Goddard**—That is right. We would get an estimate of the workload and then we would base the amount on an equivalent workload in similar positions—probably an annual amount for all of the appointees, not just the chair.

**Senator CHRIS EVANS**—Have the other four been appointed as well as Mr McClintock and Dr Gallop?

**Ms Goddard**—Yes, they have. The fourth and final member was finally agreed at the 13 April COAG meeting.

**Senator CHRIS EVANS**—Do you have those names for me?

**Ms Goddard**—Yes. Doug McTaggart is currently a member on the National Competition Council; Helen Silver is an ex-deputy of the Victorian Premier's Department and is now at the National Australia Bank; John Langoulant is head of the Western Australian Chamber of Commerce and Industry and was previously a senior public servant in the Western Australian and Commonwealth governments; and Peter Corish—because COAG determined that one member should have some rural and regional experience. He also has, obviously, good qualifications in economic reform.

**Senator CHRIS EVANS**—Have they started their work?

**Ms Goddard**—They are expected to have their first meeting fairly soon, but they have effectively been established and COAG noted their establishment on 13 April.

**Senator CHRIS EVANS**—What was PM&C's role in the appointment of Mr McClintock to the panel that evaluates the Low Emissions Technology Demonstration Fund? Was PM&C involved at all with that appointment?

**Ms Goddard**—I do not believe we were. I think that was the Minister for Industry, Tourism and Resources.

**Senator CHRIS EVANS**—Were those appointments taken to cabinet?

**Ms Goddard**—I do not know. I would have to check.

**Senator CHRIS EVANS**—Perhaps you could take that on notice for me. In terms of the process, are they just made by the minister or would they have to be cleared with the Prime Minister?

**Ms Goddard**—I think that those ones could be made by the minister, but do not hold me to that. I need to double-check that. It was probably the minister for industry and the minister for the environment jointly.

**Senator CHRIS EVANS**—Yes, they have joint responsibility for the LETDF, haven't they?

**Ms Goddard**—Yes, they have joint responsibility for that program.

**Senator CHRIS EVANS**—I will not ask you when he was appointed to that, but could you take advice on whether PM&C was consulted or involved in that appointment? When was he formally appointed as chairman of COAG?

**Ms Goddard**—The COAG Reform Council?

**Senator CHRIS EVANS**—Yes.

**Ms Goddard**—I would have to check the exact date, but I think the Prime Minister advised the states in December last year that he was planning to appoint Mr McClintock to that role.

**Senator CHRIS EVANS**—So Mr McClintock was appointed to the position of Chairman of the COAG Reform Council around December 2006?

**Ms Goddard**—That is right.

**Senator CHRIS EVANS**—If you find the date and you want to provide it, that is fine; if not, we will just take it as around December 2006. Do we know when he was formally appointed as Chairman of Medibank Private?

**Ms Goddard**—I do not know. The minister may know. I think it was fairly recently.

**Senator Minchin**—I can get you the date, but I think it was in March.

**Senator CHRIS EVANS**—I will ask you in the other estimates formally. But it was earlier this year, was it?

**Senator Minchin**—Yes.

**Senator CHRIS EVANS**—We will work on about March 2007, subject to us clarifying that. I suppose you do not have any idea when he was appointed to the LETDF panel?

**Ms Goddard**—It was quite a while ago, I think. It might have even been early last year or before that. I believe that role is finished now.

**Senator CHRIS EVANS**—They have not made all of their grants, so I would be surprised.

**Ms Goddard**—I might be wrong about that. You could ask the minister for industry or the industry portfolio.

**Senator CHRIS EVANS**—They have not spent them, but maybe they have finalised all of the grants. I will take that up with them later in the week. So we do not know yet what remuneration Mr McClintock will receive as Chairman of the COAG Reform Council. Do we have a ballpark figure?

**Ms Goddard**—We have not finalised that yet, but it will be based on equivalent positions or similar positions and time commitment.

**Senator CHRIS EVANS**—What sort of order are they in—\$50,000 or \$60,000 a year?

**Ms Goddard**—It would probably be more like \$40,000 a year.

**Senator CHRIS EVANS**—What did he get as Chairman of Medibank Private, Senator Minchin?

**Senator Minchin**—I cannot tell you off the top of my head. I am happy to give you that.

**Senator CHRIS EVANS**—I will ask you later. Do we know whether they are remunerated as members of the LETDF panel of PM&C?

**Ms Goddard**—I think they were probably remunerated on a per diem rate, but you would have to check that with the department of industry.

**Senator CHRIS EVANS**—I will pull it all together there. Is PM&C aware of whether Mr McClintock has had any other government appointments in recent times?

**Ms Goddard**—I am not aware of any others.

**Senator CHRIS EVANS**—So, as far as we know at the moment, he is Chairman of the COAG Reform Council, Chairman of Medibank Private and a member of the LETDF panel. I will pursue the rest of those details with Senator Minchin in his other capacity later in the week.

**Dr Morauta**—Senator Evans, you asked us to get back to you with a date on when the electronic funds transfer was made to Mr Frecklington. It was made on 15 December 2006.

**Senator CHRIS EVANS**—That was a nice Christmas present for him.

**Senator FAULKNER**—While we are dealing with the issue of appointments, is the position of chairman of the AIDC a cabinet appointment? Could someone help me with that, please? I appreciate it is not obviously a Department of the Prime Minister and Cabinet portfolio issue. I am asking here in relation to whether the appointment went to cabinet; as simple as that.

**Dr Morauta**—I think we will have to take it on notice. I do not have anybody here who can recall that.

**Senator FAULKNER**—The remuneration for this particular appointment is a matter for the Remuneration Tribunal. Is that significant in terms of whether or not these matters go to cabinet?

**Senator Minchin**—The level of remuneration? You are asking: is the level of salary a key factor in the Prime Minister deciding on which appointments go to cabinet? Is that what you are trying to ask?

**Senator FAULKNER**—Yes; in other words, is there a threshold—

**Senator Minchin**—I do not think there is a formal threshold—no. I think that may be a factor in the Prime Minister's consideration. As I say, most appointments to boards; bodies, GBEs and things like that go to cabinet—for example, HSA, I think is one of the lower paid GBEs. They all go to cabinet as do the highest, whereas with reference to your previous comment—

**Senator FAULKNER**—I have got some follow-up questions, but it is very difficult to ask them if you cannot tell me whether it is a cabinet appointment or not.

**Senator Minchin**—AIDC; I am sorry, I cannot.

**Senator FAULKNER**—You can take it on notice.

**Senator CHRIS EVANS**—Dr Morauta, I found on your website a contract with Mr Neil Brown QC for a review into government investigations at the cost of \$180,000, which was

apparently commissioned between the end of September and the middle of November 2006. I cannot find any reporting on the contract. Have you got someone who is able to help me as to what the contract was for? It says 'Review into government investigations.' I have got no idea what government investigations are.

**Mr Lewis**—I am sure that Mr Brown's appointment was in relation to the investigation into the death of Pilot Officer Mackelmann.

**Senator CHRIS EVANS**—That was done through PM&C?

**Mr Lewis**—Yes, that is correct. Pilot Officer Mackelmann, you might recall, was a pilot who was killed in 1986. A number of inquiries had been conducted into the aircraft accident where Pilot Officer Mackelmann was killed. Pilot Officer Mackelmann's father had requested that a further investigation be conducted, and it was conducted on the papers available from the previous investigations, to try and put the matter to rest. The Hon. Neil Brown was engaged for that purpose.

**Senator CHRIS EVANS**—Why was it handled by PM&C? I know it is one of those military issues that has obviously been ongoing for a long time and that his family have been pushing for further investigation, but how did it come to be conducted by PM&C?

**Mr Lewis**—I recall that Mr Mackelmann, the father, wrote to the Prime Minister on the matter. I will need to confirm that, but I am fairly confident the correspondence was between Mr Mackelmann and the Prime Minister.

**Senator CHRIS EVANS**—If you could please give me the date of that correspondence and confirm that that was how the matter began. What action followed that correspondence?

**Mr Lewis**—The matter came to the department and a panel of potential people to conduct the inquiry was put together.

**Senator CHRIS EVANS**—Who made the decision that there would be an inquiry? This has been going on for years, and there are lots of requests to open or reinvestigate things. Who made the decision to do the inquiry?

**Mr Lewis**—The Prime Minister was keen to conduct the inquiry and have the matter settled to the satisfaction of Mr Mackelmann.

**Senator CHRIS EVANS**—So the Prime Minister made the decision to have a further inquiry?

**Mr Lewis**—That is correct. The details of how that was to be conducted and so forth was a matter for the department.

**Senator CHRIS EVANS**—What action did the department take?

**Mr Lewis**—As I say, a small panel of possible people to conduct the inquiry was put together by the department, and Mr Brown was chosen from that panel.

**Senator CHRIS EVANS**—Was this an existing panel you had?

**Mr Lewis**—No; it was one that we assembled for the occasion.

**Senator CHRIS EVANS**—So you assembled the panel for this particular purpose and then decided to give it to one of those people you had identified.

**Mr Lewis**—That is correct.

**Senator CHRIS EVANS**—Did Defence provide advice on this?

**Mr Lewis**—Defence were certainly consulted in the process.

**Senator CHRIS EVANS**—When was this decision to appoint the Hon. Neil Brown taken?

**Mr Lewis**—The contract with Mr Brown was entered into on 4 September 2006.

**Senator CHRIS EVANS**—When did he report to you?

**Mr Lewis**—His report was made on 23 February 2007. We agreed to extend the review time until 23 February 2007, so that was his deadline.

**Senator CHRIS EVANS**—I see, because the contract on the website specifies 22 November 2006, which looked like basically two months work.

**Mr Lewis**—Yes, that may have been an earlier date. In fact, I will just make a correction there. I gave you the date of 23 February. That was in fact the extended deadline to the 23rd. The report was actually delivered on 27 February.

**Senator CHRIS EVANS**—Was there a late delivery fee charged? No? So it was like me with my homework. But you had given him an extension from the November reporting date to February prior to that anyway, obviously.

**Mr Lewis**—That is correct, yes.

**Senator CHRIS EVANS**—You said it was to be done on the papers. Do I take it therefore that Mr Brown did not interview people or hold hearings?

**Mr Lewis**—What I was trying to infer there was that we were not in the business of trying to lift the aircraft from the ocean floor or go back over doing detailed interviews of people who had given evidence before. In other words, it was an inquiry of the inquiries that had been conducted to that point. That is what I mean when I say the investigation was done on the basis of the papers available.

**Senator CHRIS EVANS**—So he did not take new evidence.

**Mr Lewis**—No.

**Senator CHRIS EVANS**—Did he interview people?

**Mr Lewis**—I do not know. I am not sure of the detail of his activities.

**Senator CHRIS EVANS**—Can you take on notice for me the extent to which he either interviewed or sought clarification with persons, and whom, beyond the papers?

**Mr Lewis**—Yes.

**Senator CHRIS EVANS**—I understand what you are saying in the sense that he was not seeking to go over the old inquiry in terms of primary evidence, but I would like to know whether or not he actually sought to interview the heads of the former inquiries, Mr Mackelmann's father or what have you. I noticed the contract was for \$180,000. Was that what was paid?

**Mr Lewis**—Yes, that is correct.



**Senator CHRIS EVANS**—What work was that on the basis of?

**Mr Lewis**—Sorry; I will just go back over my last answer. I have got a precise figure here. I will correct that figure of \$180,000. We were billed and paid \$196,937.50. In addition to that amount, the department incurred legal costs of \$1,645.60 and travelling expenses for the reviewer of \$2,058.84.

**Senator CHRIS EVANS**—Is that for Brown's travel?

**Mr Lewis**—I do not know whether that money was specifically for Mr Brown. It might have perhaps included his assistant. He had an Air Force officer who was assisting him throughout. But Brown would certainly have absorbed some of that money, if not all of it.

**Senator CHRIS EVANS**—Was the Air Force person assisting him on his payroll or yours?

**Mr Lewis**—The costs of that officer were borne by the Air Force. I just do not know whether the travel expense there was related at least in part to the Air Force officer. I suspect not; I suspect it was probably all for Mr Brown.

**Senator CHRIS EVANS**—But it was slightly more than the original tender that was on your website of \$180,000; it was about \$196,000 plus a couple of small costs. Were the legal costs departmental legal costs?

**Mr Lewis**—I am sorry; I do not know. I suspect it was the department's costs.

**Senator CHRIS EVANS**—It is all right. It does not matter; it is not of a huge moment. I was just trying to understand what has occurred here. On what basis was the contract let? What was the basis for the \$180,000 originally, or what turned out to be \$196,000?

**Mr Lewis**—It was paid on the basis of a rate of \$2,500 a day, and there was an hourly rate for a period of 60 days. There was an extension to the \$180,000 cap that you mentioned of \$20,000 to take the cap to \$200,000. That extension was part of the time extensions that I mentioned. It was related directly to the time extensions that I mentioned before.

**Senator CHRIS EVANS**—You said he was retained on \$2,500 a day but then you went on to talk about 60 days. Was that the maximum—

**Mr Lewis**—That was the basis for the calculation.

**Senator CHRIS EVANS**—I see. So the basis of the calculation was 60 days at \$2,500 a day. My maths was poor at school but that gets me to \$150,000.

**Mr Lewis**—There would have been some administrative costs as well as that daily rate. I do not have the detailed breakdown of what might have gone to the other \$30,000, but I suspect it would have been administrative costs of some sort.

**Senator CHRIS EVANS**—They are pretty big administrative costs at \$30,000. Was the extension of the cap by another \$20,000 based on a request from the Hon. Neil Brown that he needed more time to complete the project and therefore more hours were paid for?

**Mr Lewis**—That is correct.

**Senator CHRIS EVANS**—Has the fruit of his endeavours been made available to anyone?

**Mr Lewis**—Yes. The report was completed, as I say, in February and sent to the Prime Minister's office. Mr Mackelmann has been advised of the results of the report.

**Senator CHRIS EVANS**—So the PM's office received a copy. Did Mr Mackelmann Sr receive a copy of the report?

**Mr Lewis**—Yes, that is correct.

**Senator CHRIS EVANS**—Are they the only two copies of the report that have been distributed? Are they the only two recipients?

**Mr Lewis**—I would have to check that. They are the only two that I know of. I am not sure whether there were other copies. I could check and let you know.

**Senator CHRIS EVANS**—Is the report publicly available?

**Mr Lewis**—I do not believe so. It was sent to Mr Mackelmann to satisfy the inquiries that he had. I do not believe it has been made public.

**Senator CHRIS EVANS**—Have there been any public pronouncement on the outcome of that report—any press release or statement?

**Mr Lewis**—Not to my knowledge.

**Senator CHRIS EVANS**—So the report was completed, provided to the PM and Mr Mackelmann and that is as far as it has gone.

**Mr Lewis**—The defence minister was also advised of the outcomes.

**Senator CHRIS EVANS**—I presume the defence department got a copy as well.

**Mr Lewis**—I do not have a record of that. I will take that on notice.

**Senator CHRIS EVANS**—If you could take on notice who the other recipients apart from the Prime Minister and Mr Mackelmann were. If you could also take on notice the question whether it is intended that the report be made public, given not only the public interest in that particular case but also the whole military justice question whether what was effectively the review of earlier military justice reviews is to be made public. If not, I would be interested in why not.

**Senator FORSHAW**—Is there a restriction or caveat put on the report as provided to Mr Mackelmann Sr?

**Mr Lewis**—I do not know. I have not seen the report myself.

**Senator FORSHAW**—As part of your answer for Senator Evans, could you check that? If Mr Mackelmann has a copy I would like to know the terms under which he was provided with the copy.

**Senator CHRIS EVANS**—Really the question is whether there was a confidentiality clause as part of it. There seems to be a lot of that going around. Are you able to tell us anything about the outcome of the report?

**Mr Lewis**—No, Senator.

**Senator CHRIS EVANS**—Is that because you do not know?

**Mr Lewis**—I do not know.

**Senator CHRIS EVANS**—Do you know whether it is meant to be kept secret?

**Mr Lewis**—I do not believe it is meant to be kept secret, but I would like to take that on notice. I do not know of any confidentiality clause around it. I believe the outcome of the report was to uphold the previous inquiries that had been conducted but again I would want to confirm that.

**Senator CHRIS EVANS**—Thank you.

**Senator FORSHAW**—You have just told us what is probably in the report anyway.

**Senator CHRIS EVANS**—There is a big caveat on that, Senator Forshaw.

**Senator FORSHAW**—Well, there was. There is a lot more in the report, I am assuming, than in the finding.

**Senator CHRIS EVANS**—Can I ask some questions on the department's work in relation to the Prime Minister's statement on nuclear energy. I think, Dr Morauta, that is under outcome 1. I was busy at the ALP national conference, but I believe that on 28 April the Prime Minister released a statement entitled 'Uranium mining and nuclear energy: a way forward for Australia' in which he outlined a series of initiatives and work that he was commissioning to take forward what he saw as a 'strategy for the future development of uranium mining and nuclear power in Australia'. He continued:

The Government will implement this strategy to increase uranium exports and to prepare for a possible expansion of the nuclear industry in Australia.

I will start by just asking for some background on what work occurred within PM&C to support this statement and to try to get a sense of where this statement came from and what has been done to implement the announcement. I presume that is occurring in PM&C, is it? Is there a task force or an IDC?

**Ms Goddard**—We can take you through the sequence of events, Senator.

**Dr Dickson**—The Prime Minister announced, when he released the task force report on 29 December, that he was going to be asking Mr Macfarlane to develop a cabinet paper on it, on how to respond. PM&C was involved on an IDC with other departments, led by DITR, to develop a proposed response. The development of that response and the government's consideration of that was the foundation of where the Prime Minister's statement at the end of April came from.

**Senator CHRIS EVANS**—So was that as a result of some sort of cabinet decision?

**Dr Dickson**—The statement on 28 April?

**Senator CHRIS EVANS**—Yes.

**Dr Dickson**—Yes. He had asked Mr Macfarlane, and that was made public, to come forward with a cabinet submission and the government considered the issue.

**Senator CHRIS EVANS**—Yes, I know what he had said but I am just confirming that there was a cabinet decision.

**Ms Goddard**—The statement was following cabinet's consideration of the matter.

**Senator CHRIS EVANS**—And when did cabinet make that decision?

**Ms Goddard**—We have not got the dates here, but it would have been probably some time in March, I suspect.

**Dr Dickson**—I do not have the dates either.

**Senator CHRIS EVANS**—You could take that on notice for me. If you find the date during our ensuing discussions I would appreciate it. So cabinet made a decision and this is reflected in the Prime Minister's statement. Can you tell me what you are doing to implement that statement and what the time frames are?

**Dr Dickson**—That was announced in the Prime Minister's statement of 28 April. Have you got a copy of it there, Senator?

**Senator CHRIS EVANS**—I have. It is only a page and a half long, though; it is not what I would call fulsome on detail.

**Dr Dickson**—It just announced the strands of work that were going to be underway to develop the energy regulatory regime and address the skills gaps, the research and development needs and so on. That work is underway through an IDC led by DITR, with a number of working groups under it to work on those aspects of the response. That is coming back in September some time.

**Senator CHRIS EVANS**—So the IDC is being led by the department of industry?

**Ms Goddard**—Yes.

**Senator CHRIS EVANS**—And it has responsibility for implementing all four of the proposals?

**Dr Dickson**—It has the overview IDC. Of the four strands of work, I think DEST, the education department, is overseeing the ones on skills, research needs and the regulatory regime. Another group of departments which includes health and environment as well as DITR is looking at the future regulatory regimes. So there are a number of working groups made up of different departments working on the particular aspects that are relevant.

**Senator CHRIS EVANS**—How would we best describe these—as subgroups of the IDC?

**Dr Dickson**—Working groups.

**Senator CHRIS EVANS**—They are working groups of the IDC. Who is represented on the IDC? Is PM&C on the IDC?

**Dr Dickson**—Yes, as well as DITR, Health and Ageing, DEST, the Department of Environment and Water Resources, Treasury, Finance and Administration, Foreign Affairs and Trade, and CSIRO. I think they are the main departments: It covers a raft of agencies that have responsibilities for aspects of the program.

**Senator CHRIS EVANS**—You have dealt with the regulatory regime, the skills and training and the research, largely coming out of DEST. Who is doing point (iv), 'communication strategies so that all Australians and other stakeholders can clearly understand what needs to be done and why'?

**Dr Dickson**—I believe DITR are looking at that at the moment. You would have to ask them how far the work has progressed on that.

**Senator CHRIS EVANS**—Is that formally part of the work of the IDC?

**Dr Dickson**—The IDC has not met since it originally got all the work underway. It is meeting again soon, so we will soon get a catch-up on where the various working groups are going.

**Senator CHRIS EVANS**—So it has met once since the Prime Minister's announcement?

**Dr Dickson**—I would have to check on that. It met at least once; it may have met twice.

**Senator CHRIS EVANS**—But people are beavering away and will be coming back to the IDC shortly?

**Dr Dickson**—That is right.

**Senator CHRIS EVANS**—So the communication strategy about what needs to be done and why is being developed inside the industry department.

**Dr Dickson**—Yes.

**Senator CHRIS EVANS**—I am conscious that Senator Minchin needs some education on some of these issues.

**Senator Minchin**—Do you think so?

**Senator CHRIS EVANS**—You have clearly not been in step at various times with the Prime Minister. I am just keen to make sure you have the company line.

**Senator Minchin**—I am listening carefully.

**Senator CHRIS EVANS**—I do not think there is a phone line you need to ring just yet, but it is coming as part of the communication strategy. What is the significance of reporting to cabinet in September this year?

**Dr Dickson**—They will be putting proposals forward for the government to consider on the way forward on those various strands—what needs to be done on education, skills, training, research and all the other areas being covered.

**Senator CHRIS EVANS**—So the September cabinet submission would effectively look to flesh out what needs to be done to implement the four points that the Prime Minister identified?

**Dr Dickson**—That is right.

**Senator CHRIS EVANS**—So cabinet in September will make a decision on those various strategies. I noticed the Prime Minister said that the work plans are to be implemented in 2008. I admire his confidence. But why 2008?

**Ms Goddard**—Assuming that is the next phase in the work, it follows that different steps are being taken towards implementing the various actions.

**Senator CHRIS EVANS**—The announcement included the statement that the government would:

... repeal Commonwealth legislation prohibiting nuclear activities, including the relevant provisions of the Environmental Protection and Biodiversity Conservation Act 1999. This will be addressed soon.

Is this happening as a separate process?

**Dr Dickson**—That is right.

**Senator CHRIS EVANS**—So who is doing this work?

**Dr Dickson**—That is being undertaken by the environment department. There are also regulations in relation to nuclear activities that relate to ARPANSA. I do not have the details of that.

**Senator CHRIS EVANS**—They are under Health, aren't they?

**Dr Dickson**—Yes.

**Senator CHRIS EVANS**—Senator Forshaw is our expert on ARPANSA, aren't you?

**Senator FORSHAW**—Yes, with a qualification.

**Senator CHRIS EVANS**—Yes, I remember health estimates. It sounds like there is a job here for you in the health estimates. So Environment have the responsibility for repealing Commonwealth legislation prohibiting nuclear activities. Have they identified what those legislative provisions are? Did the IDC identify all the provisions that apparently prohibit nuclear activities in Australia?

**Dr Dickson**—They were identified in the UMPNER task force report. So it is quite clear what those provisions are in that report. In responding to the report those were the provisions that were identified.

**Senator CHRIS EVANS**—But you are only identifying the Commonwealth provisions. I have no doubt that there are a range of state provisions.

**Dr Dickson**—They are only the Commonwealth provisions.

**Senator CHRIS EVANS**—So has a time frame been set for the introduction of that legislative amendment?

**Dr Dickson**—You would need to ask those departments that question. I am not sure what the current time frame they are working on is.

**Senator CHRIS EVANS**—The Prime Minister's announcement said 'soon' whereas the other provisions were to be implemented in 2008. I guess the difference between 'soon' and 2008 implies 2007. But you have no knowledge of what the time frame is? Didn't the IDC consider that?

**Dr Dickson**—No, that was not determined by the IDC. They were set to work on what needed to be done and a time frame.

**Senator CHRIS EVANS**—So you are not aware of what the time frame for the legislative changes is?

**Dr Dickson**—No, I am not.

**Senator CHRIS EVANS**—I guess it is easier now. We get legislation through much faster, Senator Minchin, don't we?

**Senator Minchin**—We have great respect for the institution of the Senate, as you know.

**Senator CHRIS EVANS**—Yes, we have an inquiry at the moment for a bill which has no name and which has not been drafted.

**Senator Minchin**—Well, it is an inquiry.

**Senator CHRIS EVANS**—It has been referred to a Senate committee.

**Senator Minchin**—Yes, that is right: it is an inquiry.

**Senator CHRIS EVANS**—I look forward to their deliberations. I will ask Environment about that. So the IDC is the same IDC that was operating prior to the government announcement? Is that like continuing work?

**Dr Dickson**—Yes, pretty much.

**Senator CHRIS EVANS**—There is the issue about ‘commitment to Australia’s participation in the Generation IV advanced nuclear reactor research program’. Is that picked up in the reference to ‘enhanced research and development’?

**Dr Dickson**—That is a separate commitment but it would form part of the overall response on research and development.

**Senator CHRIS EVANS**—That is why I raised it separately. I quote:

The strategy will involve a number of actions that can be taken immediately ...

There were two actions that were separated from the 2008 work plan. One was ‘regulations relating to the mining and transport of uranium ore regulations’ and the second was ‘commitment to Australia’s participation in the Generation IV advanced nuclear reactor research program’. So these are two issues separate from the four we identified that would be taken forward by the various departments under the auspices of the IDC. What action has been taken? Who is responsible for, firstly: ‘removing unnecessary constraints impeding the expansion of uranium mining, such as overlapping and cumbersome regulations’? Who has charge of that?

**Dr Dickson**—That would be DITR. They would have that responsibility.

**Senator CHRIS EVANS**—Are you aware of any time frame on that?

**Dr Dickson**—Again, I am sorry, you would have to ask DITR about their time frame.

**Senator CHRIS EVANS**—These are regulations, so it could be done purely by government seeking to amend regulations?

**Dr Dickson**—Yes.

**Senator CHRIS EVANS**—The language is quite different there. The Prime Minister uses the word ‘immediately’. Someone expects the time frame on that to be short as well. Regarding ‘commitment to Australia’s participation in the Generation IV advanced nuclear reactor research program’, what is the nature of that commitment? Who is providing the lead on that?

**Dr Dickson**—I would have to check. I could get back to you first thing in the morning. I am pretty sure it is DEST, but I would need to check on that and give you some details on the nature of the commitment.

**Senator CHRIS EVANS**—Do you understand what ‘making a firm commitment to Australia’s participation in the Generation IV advanced nuclear reactor research program’ means?

**Dr Dickson**—I think it is a financial commitment.

**Senator CHRIS EVANS**—I thought that one of the things we had identified is that we do not have the skills base, so it is a matter of us making a financial commitment. An international group is running that program, isn't it?

**Dr Dickson**—That is right.

**Senator CHRIS EVANS**—Your understanding is that it is for us to make a financial commitment to their research program?

**Dr Dickson**—I would have to get more advice on it. I understood that there would be a financial commitment and there would be an advantage in being able to partake of some of the research.

**Senator CHRIS EVANS**—But you do not know whether we made a decision on that financial contribution?

**Dr Dickson**—No, I do not. I can very quickly confirm and get back to you in the morning.

**Senator CHRIS EVANS**—Get back to me tomorrow with what you can; otherwise I will pursue those issues with the relevant departments. Can you confirm whether you have any funding for development of the strategy inside PM&C?

**Dr Dickson**—No, there is no funding for this for PM&C.

**Senator CHRIS EVANS**—Have you developed a bid for the next round or for additional estimates to facilitate this commitment?

**Dr Dickson**—Not for PM&C. The current developmental work is all being undertaken within the resources of the respective departments.

**Senator CHRIS EVANS**—What is the extent of PM&C's ongoing work on this? Is it fair to say that participation in the IDC is the limit of it?

**Dr Dickson**—Yes, that is the main part of our participation.

**Senator CHRIS EVANS**—What sort of commitment does that require of PM&C?

**Dr Dickson**—We do not have any people dedicated just to working on this. But there would be an officer with the responsibility for this who would deal with it when it comes up.

**Senator CHRIS EVANS**—So there is an officer who, among their other duties, is contributing to the work of the IDC?

**Dr Dickson**—That is right.

**Senator CHRIS EVANS**—And you have no engagement in the work being done on the development of the communication strategies?

**Dr Dickson**—No.

**Senator CHRIS EVANS**—It would be pretty hard to get some ad time at the moment, anyway. There is a lot on, apparently. I will follow that up later. Have you done any work with industry bodies or companies on the question of the regulations regarding uranium mining and transportation?

**Dr Dickson**—Has PM&C done any work?



**Senator CHRIS EVANS**—The IDC work. The announcement of the policy talks about cumbersome regulations, so obviously someone has formed the view that they are cumbersome. Sorry; I might have used the wrong words. The media release says:

- removing unnecessary constraints impeding the expansion of uranium mining, such as overlapping and cumbersome regulations ...

That was obviously a view that the IDC came to—was it?

**Dr Dickson**—The UMPNER report identified all those cumbersome regulations. It was their report and conclusions.

**Senator CHRIS EVANS**—So the IDC did not take an independent view. Was that just taken as the base for action?

**Dr Dickson**—That is right—in developing the response to the UMPNER report and providing advice to government on it.

**Ms Goddard**—You might recollect that the UMPNER report had quite an extensive public consultation process and process of submissions. So various industry bodies would have provided their views in that context.

**Senator CHRIS EVANS**—But you were looking more at implementing that report's findings than reviewing them or coming to a separate view. Is that right?

**Ms Goddard**—I think Dr Dickson explained before that there was a cabinet process following the government's receipt of the report, and the government took a number of decisions. A number of those were announced in the Prime Minister's statement of 28 April. The IDC is now oversighting the next phase of work in relation to that.

**Senator CHRIS EVANS**—Thanks for that. I would like to ask some questions about the government-business emissions trading task group, while we are doing task groups. Is that the same team?

**Dr Dickson**—It is.

**Senator CHRIS EVANS**—You are responsible for all committees! Dr Shergold is chairing the task group. Is that right?

**Ms Goddard**—That is correct.

**Senator CHRIS EVANS**—And they are due to report at the end of this month?

**Ms Goddard**—That is right.

**Senator CHRIS EVANS**—Are they going to report on time?

**Ms Goddard**—They are on track to report on time.

**Senator CHRIS EVANS**—From questions on notice we know the membership of the task group was arranged by the Prime Minister and the Prime Minister's office. Were the members approached by the PMO?

**Ms Goddard**—Yes, we understand they were approached by the PMO.

**Senator CHRIS EVANS**—So PM&C did not actually determine who was to be invited to be on the group?

**Ms Goddard**—No.

**Senator CHRIS EVANS**—And the approach was actually done by the Prime Minister's office as well, not by PM&C?

**Ms Goddard**—Correct.

**Senator CHRIS EVANS**—I gather the original proposition came out of the PMO as well.

**Ms Goddard**—The Prime Minister took a decision that he wanted to establish this task group.

**Senator CHRIS EVANS**—I think on a question on notice you told me that you became aware of it on 13 November 2006.

**Ms Goddard**—Yes.

**Senator CHRIS EVANS**—Had you briefed the Prime Minister on establishing an inquiry into carbon trading before you became aware of that proposal?

**Ms Goddard**—I would have to check that, but I do not think so. I think the Prime Minister decided to establish it and that is when we became aware of it.

**Senator CHRIS EVANS**—Do you know when the members were approached about serving on the task group?

**Ms Goddard**—No, we do not know.

**Senator CHRIS EVANS**—When were they announced?

**Ms Goddard**—On 10 December 2006.

**Senator CHRIS EVANS**—I think questions on notice provided the information that the group met on 19 December, 2 and 23 February, and 21 March. Are you able to help me with information as to whether they have met since then?

**Ms Goddard**—Yes, they also subsequently met on 17 April, 11 May and today, 21 May.

**Senator CHRIS EVANS**—Is today's meeting their last?

**Ms Goddard**—I believe so.

**Senator CHRIS EVANS**—Did you provide any information on the appointment of members of the group prior to their appointment in the sense of conflicts of interest or security checks? You know the sorts of processes you do before appointments are generally made. Were you involved in a process in terms of the nominees for the group?

**Ms Goddard**—No, we were not, but, as the Prime Minister has indicated publicly on numerous occasions, the members of the task group are prominent people whose views and interests are well known. The group has been chosen, as the Prime Minister has said, for being the best of the government's advisers—secretaries and also a selection of prominent energy and resource company representatives.

**Senator CHRIS EVANS**—I am not alleging or attributing any ill motive; I was just wondering whether the checks were done. We had the situation with Mr Gerard on the Reserve Bank. These things are always best checked. But there was no check done in terms of conflict of interest or other shareholdings?

**Ms Goddard**—Not that I am aware of.

**Senator CHRIS EVANS**—I accept that the people have a public profile.

**Ms Goddard**—They have been chosen, in part, because they have interests in this area.

**Senator CHRIS EVANS**—They hold very responsible senior positions in companies with an interest. I am just wondering whether you did any further check in terms of the appointments to the task group.

**Ms Goddard**—No.

**Senator CHRIS EVANS**—Is it right that the task group's secretariat is located inside PM&C?

**Ms Goddard**—That is right.

**Senator CHRIS EVANS**—I gather you have people seconded in from private enterprise as well as from other departments.

**Ms Goddard**—That is right.

**Senator CHRIS EVANS**—How many do you have seconded in?

**Ms Goddard**—There are 11 Public Service employees, including three PM&C officers. There are also two representatives of industry.

**Senator CHRIS EVANS**—Where are they from?

**Ms Goddard**—Mr John Daley is from the Australian Industry Greenhouse Network and Ms Maria Tarrant is from the Business Council of Australia.

**Senator CHRIS EVANS**—Are they working full time on the task?

**Ms Goddard**—Mr Daley is full time and Ms Tarrant is part time.

**Senator CHRIS EVANS**—Are you picking up their salaries or are their organisations picking them up?

**Ms Goddard**—The secretariat is picking up the salary for Mr Daley because he has stepped down from his position as CEO of the Australian Industry Greenhouse Network for the period that he is on the secretariat—that is, about 4½ months. He is employed as a consultant for the purposes of this task. Ms Tarrant continues to have her salary paid by the Business Council of Australia. There is no change in her remuneration arrangements, but the secretariat is covering her travel expenses.

**Senator CHRIS EVANS**—That brings us to the issue of travel. I notice from an answer to a question you replied to on notice that the group has travelled widely, including to the UK, US, Canada, Belgium, Norway, France and Japan. Has that been done as a whole group? I would have thought that getting those sorts of busy people together to do that sort of travel was unlikely. Has it been the case that just small numbers of them have done it?

**Ms Goddard**—Different subsets of them went to different areas. It was mainly members of the secretariat. One task force member, John Marley, did participate in the European leg of the visit. Dr Shergold, when he was on official business with the Prime Minister in Japan, extended his visit there for a day or so to undertake some meetings on this topic.

**Senator CHRIS EVANS**—But effectively most of the travel was done by those doing the work, the secretariat work?

**Ms Goddard**—Yes, by those doing the secretariat work. That is right.

**Senator CHRIS EVANS**—My staff would say ‘those doing the work’. So they met with business and government representatives with experience in trading regimes and/or developing policy. Is that the sort of thing they were doing?

**Ms Goddard**—Yes, the purpose of the travel was to seek views on what would constitute a workable global emissions trading system and to gather information on existing schemes.

**Senator CHRIS EVANS**—Are we able to get a list of who they met with?

**Ms Goddard**—We would have to take that question on notice. We do not have that information here.

**Senator CHRIS EVANS**—I just wondered whether you would be happy to provide it. I am trying to get a sense of the breadth of the consultation.

**Ms Goddard**—We can ask. There may well be information on who they met with in the final report. We will check that.

**Senator CHRIS EVANS**—But we are not sure whether the final report is going to be made public, are we?

**Ms Goddard**—That will be for the Prime Minister to determine.

**Senator CHRIS EVANS**—So there has been no determination yet on that question that you know of?

**Ms Goddard**—There have been no announcements in relation to the government’s response or the process for the government’s response.

**Senator CHRIS EVANS**—So we do not know whether they might just provide parts of it or whether they will formally respond. As you say, basically, you do not know how they are going to handle. Is that fair?

**Ms Goddard**—We will take it on notice to see whether we can get information about who they met with during the overseas travel.

**Senator CHRIS EVANS**—What is the budget for the travel? I presume it is all completed now.

**Ms Goddard**—The cost of the travel is \$96,074.

**Senator CHRIS EVANS**—And the rest of the funding for output 2.2 is made up of salaries? Do they get counted against PM&C or against that funding?

**Ms Goddard**—Yes, they do. There are salaries, some publishing costs, some legal services, some web services and some general expenses like stationary, telephone costs and so on.

**Senator CHRIS EVANS**—Is the major component staffing?

**Ms Goddard**—Yes, it is.

**Senator CHRIS EVANS**—Are we able to get a list of who they met during their Australian consultations?

**Ms Goddard**—I will ask for that.

**Senator CHRIS EVANS**—There were no public hearings, per se; they were private meetings—is that correct?

**Ms Goddard**—I think there were a series of meetings and they were quite wide ranging. I am not sure they were intended to be restrictive in any sense. It was probably just the logistics of how many they could do.

**Senator CHRIS EVANS**—I meant private hearings as distinct from public hearings. I did not mean private as in secret.

**Ms Goddard**—That is true. They were not public hearings in the Productivity Commission sense of large groups of people.

**Senator CHRIS EVANS**—Are you able to supply me with a list of who they met with?

**Ms Goddard**—We will see if we can get that information.

**Senator CHRIS EVANS**—Are all the submissions they receive published on their website?

**Ms Goddard**—I think the vast bulk of the submissions are published on the website. I think there were a handful of organisations that asked for their submissions to be kept confidential, and they are not posted on the website. I understand that that is a small number.

**Senator CHRIS EVANS**—Do you know how many?

**Ms Goddard**—Seven.

**Senator CHRIS EVANS**—Are you able to tell me who they are?

**Ms Goddard**—No, we are not. We would need to consult with those parties before disclosing their names.

**Senator CHRIS EVANS**—So not only are their submissions secret but also the fact that they submitted is secret.

**Ms Goddard**—That is not unprecedented; it happens in a number of processes of this nature.

**Senator CHRIS EVANS**—An increasing number of processes under this government are secret.

**Ms Goddard**—I think there were a very large number of submissions, and seven is a small percentage of that number.

**Senator CHRIS EVANS**—It is interesting all the same.

**Ms Goddard**—Some of them could well be individuals. There were submissions both from individuals and from organisations.

**Senator CHRIS EVANS**—Can you confirm that PM&C briefed the Prime Minister to the effect that a national emissions trading scheme, in the absence of similar action globally, would not be in the nation's interest?

**Ms Goddard**—I cannot confirm that. It goes to policy advice.

**Senator CHRIS EVANS**—Are you aware of the press coverage of what is claimed to be a leaked briefing from PM&C?

**Ms Goddard**—No, I am not aware of that press coverage.

**Senator CHRIS EVANS**—I think I have it here. I refer you to the *Sydney Morning Herald* of 9 February. Given we are paying \$400,000 for media monitoring, it is surprising that they missed that one. It claims that you briefed the Prime Minister that such a scheme would be against the national interest. It also refers to the fact that the Minister for Finance and Administration, Senator Minchin, was still sceptical about the extent of human impact on global warming. He has assured me that that is not right!

**Senator FORSHAW**—I am rather sceptical about that.

**Senator CHRIS EVANS**—Can you tell me whether the task group have commissioned any modelling as part of their work?

**Ms Goddard**—I understand that the task group have commissioned their own modelling and analysis relevant to their terms of reference. As they will report at the end of May, it would be inappropriate for me to discuss the content of their report.

**Senator CHRIS EVANS**—Who did the modelling for them?

**Ms Goddard**—I do not know who did the modelling for them but I understand they have commissioned some modelling relevant to their terms of reference.

**Senator CHRIS EVANS**—You would have had to have paid for it so surely you know?

**Ms Goddard**—I have not got those details.

**Senator CHRIS EVANS**—You do not know, you have not got them or you do not want to tell me?

**Ms Goddard**—I do not know, Senator. I can take it on notice.

**Senator CHRIS EVANS**—‘Commissioning’ implies that someone paid for it to be done.

**Ms Goddard**—The task group have their own budget.

**Senator CHRIS EVANS**—Is there a budget for research work done in addition to—

**Ms Goddard**—A portion of the budget is for consultancies and the like.

**Senator CHRIS EVANS**—What is the global budget for consultancy?

**Ms Goddard**—We only have a figure for a mixture of consultants and contractors. As I mentioned before, Mr Daley is classed as a consultant for this purpose. We have an estimate of \$600,000, but that includes Mr Daley’s salary and probably other things that are not pure consultancies in the sense that you mean them.

**Senator CHRIS EVANS**—Mr Daley is on for only 4½ months so I presume he is not taking up the vast bulk of the \$600,000.

**Ms Goddard**—No, that is right.

**Senator CHRIS EVANS**—What is Mr Daley costing you?

**Ms Goddard**—The cost is \$120,000.

**Senator CHRIS EVANS**—I am sure that is cheap at half the price. So \$480,000 is left for consultancies. Have you authorised those consultancies or the payment for them?

**Ms Goddard**—Yes, we have.

**Senator CHRIS EVANS**—So you would know, but you do not know in the sense of being able to tell me now, how much has been paid for economic modelling.

**Ms Goddard**—No, I do not have those details.

**Senator CHRIS EVANS**—No, but I am saying that it is knowledge within the department in the sense that you have had to approve payment et cetera.

**Ms Goddard**—That is correct.

**Senator CHRIS EVANS**—Could you take on notice for me who did the modelling and at what cost? We will await the report as to the content of the modelling.

**CHAIR**—It is almost 11 o'clock, so we will suspend the hearing until 9.00 am tomorrow morning when we will continue with the Department of the Prime Minister and Cabinet portfolio, starting with the Australian Public Service Commission.

**Committee adjourned at 10.58 pm**