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SENATE

STANDING COMMITTEE ON FINANCE AND PUBLIC
ADMINISTRATION

ESTIMATES

(Budget Estimates)

THURSDAY, 24 MAY 2007

CANBERRA

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

Thursday, 24 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 Mark Bishop, Boyce, Bob Brown, Carol Brown, Chris Evans, Faulkner, Fierravanti-Wells, Fifield, Forshaw, Lundy, Moore, Murray, Nettle, Parry, Stott-Despoja and Wong

Committee met at 9 am

FINANCE AND ADMINISTRATION PORTFOLIO

Consideration resumed from 23 May 2007

In Attendance

Senator Minchin, Minister for Finance and Administration

Senator Colbeck, Parliamentary Secretary to the Minister for Finance and Administration

Department of Finance and Administration

Executive

Dr Ian Watt, Secretary

Mr Philip Methven, Executive Officer

General

Mr Jonathan Hutson, General Manager, Corporate Group

Mr Ian McAuley, Branch Manager, Parliamentary and Corporate Support

Mr Michael Hirschfeld, Branch Manager, Strategic Partnerships

Ms Philippa Crome, Branch Manager, Human Resources Services Branch

Ms Helen Roden, Senate Estimates Coordinator

Mr Glenn Black, Senate Estimates Coordinator

Ms Louise Heath, Senate Estimates Coordinator

Mr Dominic Staun, General Manager, Financial and e-Solutions Group

Ms Kym Partington, Branch Manager, Chief Finance Officer Unit

Outcome 1

Dr Paul Grimes, General Manager Budget Group

Mr Lembit Suur, Division Manager, Industry, Education and Infrastructure Division

Mr John Ignatius, Division Manager, Social Welfare Division

Mr Peter Saunders, Division Manager, Government and Defence Division

Ms Jackie Wilson, Division Manager, Budget Policy and Coordination Division

Ms Trixie Makay, Special Adviser, Budget Group Review Implementation, Budget Group
Ms Donna Phillips, Branch Manager, Budget Coordination Branch
Mr Tim Pyne, Branch Manager, Budget Analysis Branch
Ms Rosemary Deininger, Branch Manager, Environment and Agriculture Branch
Mr Joe Roach, Branch Manager, Defence Capability Assessment Branch
Ms Nicole Lamson, Budget Group Point Person
Ms Kathryn Campbell, General Manager, Financial Management Group
Mr Mike Loudon, Division Manager, Financial Framework Division
Mr Marc Mowbray-d' Arbela, Branch Manager, Legislative Review Branch
Mr Colin Plowman, Director of the Office of Evaluation and Audit
Mr Michael Culhane, Acting Division Manager, Superannuation Division
Mr Alan Greenslade, Branch Manager, Future Fund and Red Tape Branch
Mr George Sotiropoulos, Branch Manager, Superannuation Policy Branch
Ms Sandra Wilson, Special Adviser, Superannuation Division
Mr Brett Kaufmann, Acting Division Manager, Financial Reporting and Cash Management
Division
Mr Matthew King, Acting Branch Manager, Financial Reporting Branch
Mr Tony Olliffe, Director, Financial Reporting Branch
Ms Hawari Badri, Branch Manager, Cash Management Branch
Ms Jane Cureton, FMG Point Person
John Grant, Division Manager, Procurement Division

Outcome 2

Mr Simon Lewis, General Manager, Asset Management Group
Mr Robert Butterworth, Division Manager, Shareholder and Asset Sales Division
Mr Rick Scott-Murphy, Division Manager, Property and Construction Division
Mr John Grant, Division Manager, Procurement Division
Mr Duncan McIntyre, Branch Manager, Procurement Implementation
Dr Guy Verney, Branch Manager, Special Claims and Land Policy Branch
Mr Mark Heazlett, Branch Manager, Telstra 3 Sale Branch
Mr Timothy Kok, Asset Management Group Point Person

Outcome 3

Ms Jan Mason, General Manager, Ministerial and Parliamentary Services
Ms Kim Clarke, Branch Manager, Entitlements Policy
Ms Carolyn Hughes, Branch Manager, Client Services
Mr Ken Sweeney, National Manager, COMCAR
Mr Greg Miles, Branch Manager, Entitlements Management
Mr Greg Smith, Ministerial and Parliamentary Services Point Person
Mr Brett Quester, Director, EOIT, FeSG

Outcome 4

Ms Ann Steward, General Manager, Australian Government Information Management Of-
fice
Mr Patrick Callioni, Division Manager, Australian Government Information Management
Office

Mr Michael Dupe, Branch Manager Investments and Enabling Projects Branch

Mr Peter Alexander, Acting Branch Manager, Online Service Point Branch

Australian Electoral Commission

Mr Ian Campbell, Electoral Commissioner

Mr Paul Dacey, Deputy Electoral Commissioner

Mr Tim Pickering, First Assistant Commissioner Electoral Operations

Ms Barbara Davis, First Assistant Commissioner Business Support

Ms Gail Urbanski, Assistant Commissioner

Mr Andrew Moyes, Assistant Commissioner

Mr Kevin Bodel, Director Funding and Disclosure

Mr Phil Diak, Media Director

Mr Andrew Baker, Chief Financial Officer

ComSuper

Mr Leo Bator, Chief Executive Officer

Ms Michelle Crosby, Deputy Chief Executive Officer, Internal Services

Mr Marcus Markovic, Deputy Chief Executive Officer, Information and Technology Solutions

Ms Emily Canning, Chief Financial Officer

Australian Reward Investment Alliance

Mr Steve Gibbs, Chief Executive Officer

Mr Peter Carrigy-Ryan, Chief Operating Officer

Commonwealth Grants Commission

Mr John Spasojevic, Secretary

Mrs Catherine Hull, Assistant Secretary

Mr Philip Parkins, Director, Corporate Services

Future Fund

Mr Paul Costello, General Manager, Future Fund Management Agency

Department of Human Services

Output 1: Core department

Ms Helen Williams, Secretary

Mr Jeff Popple, Acting Deputy Secretary

Ms Kerri Hartland, Deputy Secretary, Office of Access Card

Mr Chris Dainer, First Assistant Secretary, Financial Analysis and Corporate

Mr Alex Dolan, First Assistant Secretary, Service Delivery Operations

Ms Jenny Thomson, Acting First Assistant Secretary, Policy and Strategy

Ms Marie Johnson, Chief Technology Architect, Office of Access Card

Ms Barbara Flett, First Assistant Secretary, Office of Access Card (Communication and Stakeholder Engagement)

Mr Nico Padovan, Acting First Assistant Secretary, Office of Access Card (Product Delivery)

Mr Greg Divall, First Assistant Secretary, Office of Access Card (Program Management)

Mr David Walsh, Acting First Assistant Secretary, Office of Access Card (Registration Taskforce)

Mr Peter Robertson, Assistant Secretary, Office of Access Card (Business Intelligence)

Ms Barbara Grundy, Assistant Secretary, Office of Access Card (Communications)
Mr Michael Welfare, Assistant Secretary, Office of Access Card (Procurement)
Mr Peter Wightman, Office of Access Card (Operating Model Branch, Registration Task-force)
Mr Piers Smith, Assistant Secretary, Office of Access Card (Technology Architecture)
Mr Drew Baker, Assistant Secretary, Office of Access Card (Technology Architecture)
Dr Jacky Fogerty, Assistant Secretary, Job Capacity Assessment
Ms Penelope Royston, Acting Assistant Secretary, Delivery Analysis
Ms Jenny Barbour, Acting Assistant Secretary, Communications
Mr Phil Lindenmayer, Acting Assistant Secretary, Delivery Strategy
Ms Di White, Acting Assistant Secretary, Compliance and Development
Ms Teena Blewitt, Assistant Secretary, Budget and Implementation
Mr Paul Menzies-McVey, General Counsel
Ms Kathryn Johnson, General Counsel
Mr Noel Dobbie, Chief Financial Officer
Mr Neil Skill, Assistant Secretary, Portfolio Coordination and Corporate

Output 2: Child Support Agency

Mr Matt Miller, General Manager
Mr Michael Belcher, Deputy General Manager, National Finance Management Group
Mr Herb May, Acting Deputy General Manager, National Finance Management Group
Mr Patrick Hadley, Deputy General Manager, Chief Information Officer, Information and Communication Technology Group
Ms Dawn Casey, Deputy General Manager, Service Quality and Support Group
Ms Samantha Palmer, Deputy General Manager, External Relations Group
Mr Trevor Sutton, Deputy General Manager, Change Program
Ms Mary O'Hanlon, Assistant General Manager, Child Support Scheme Reforms
Ms Tanya Scales, Assistant General Manager, Service Delivery
Ms Angela Tillmanns, Branch Head, Compliance Improvement–Change Program

Output 3: CRS Australia

Ms Margaret Carmody, General Manager
Mr Carl Princehorn, Deputy General Manager, Service Delivery

Outcome 1: Centrelink

Mr Jeff Whalan, Chief Executive Officer
Ms Carolyn Hogg, Deputy Chief Executive Officer, Customer Service Group
Mr John Wadeson, Deputy Chief Executive Officer, Information Technology
Ms Aurora Andruska, Deputy Chief Executive Officer, Stakeholder Relationships
Ms Mandy Ritchie, General Manager, Customer Service Design and Implementation
Mr Grant Tidswell, General Manager, Customer Service Delivery
Ms Natalie Howson, General Manager, Customer Service Strategy
Mr Tuan Dao, General Manager, Core Business IT Systems,
Ms Eija Seittenranta, General Manager, Corporate IT Systems
Mr Trevor Burgess, Chief Financial Officer, Financial Management and Business Support
Mr Hank Jongen, General Manager, Communication
Ms Sheryl Lewin, General Manager, People and Planning

Dr Margaret Browne, General Manager, Business Integrity and Information
Mr Paul Conn, General Manager, Employment, Disability and Education
Mr Gary Dunn, General Manager, Families, Seniors, Rural and Community
Mr Simon Moore, National Manager, Evaluation and Audit
Ms Elaine Ninham, National Manager, Project Coordination and Refresh
Ms Jenny Teece, National Manager, Ministerial, Parliamentary and Executive Support
Ms Moya Drayton, National Manager, Participation and Employment Services
Ms Pam Saunders, National Manager, Job Capacity and Disability Services
Ms Vicki Beath, National Manager, Education and Training
Mr Graham Maloney, National Manager, Service Design and Support
Mr Karel Havlat, National Manager, Budgeting and Management Accounting
Mr Trevor Jones, National Manager, Contracts and Procurement
Mr Brendon Jacomb, National Manager, Legal Services
Mr Robin Salvage, National Manager, Self Service Strategy
Ms Marcia Williams, National Manager, Customer Experience
Mr Colin Parker, National Manager, Service Delivery Coordination
Ms Roxanne Kelley, National Manager, Centrelink Call Performance
Mr Mark Wellington, National Manager, Emergency Management
Mr Dennis Mahony, National Manager, Family and Child Care Services
Mr Paul Cowan, National Manager, Seniors, Carers and Means Test
Ms Katrina Fanning, National Manager, Indigenous Services
Ms Jean Krystyn, National Manager, Acting National Manager, Fraud Management
Ms Cheryl-Anne Moy, National Manager, Access Card Business
Mr Sheldon White, National Manager, Payment Correctness and Debt Management

Outcome 1: Medicare Australia

Ms Catherine Argall, Chief Executive Officer
Ms Joanna Davidson, Deputy Chief Executive Officer
Ms Philippa Godwin, Deputy Chief Executive Officer
Ms Linda Holub, General Manager, Program Management Division
Ms Rona Mellor, Deputy Chief Executive Officer
Ms Ellen Dunne, General Manager, Customer Services
Mr Mark Jackson, General Manager eBusiness
Mr Anthony Honeyman, General Manager, Access Card/Unique Healthcare Identifier
Mr Colin Bridge, General Manager, Program Review
Mr Graham Gathercole, Manager Information Technology Solutions Branch
Ms Lynne O'Brien, Chief Finance Officer
Mr Carl Murphy, Manager, Human Resources
Ms Lisa Rauter, Branch Head, Medicare Easyclaim

Australian Hearing

Anthea Green, Managing Director

Health Services Australia

Mr Walter Kmet, Managing Director, Health Services Australia Group
Mr Stan Macionis, Chief Operating Officer, Health Services Australia Group
Mr Bob West, Chief of Corporate Affairs, Health Services Australia Group

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 will today examine the Australian Electoral Commission and the Human Services portfolio. I propose to proceed by 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. Such action may be treated by the Senate as a 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 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 or 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]

Australian Electoral Commission

CHAIR—I welcome Senator Colbeck, the Parliamentary Secretary to the Minister for Finance and Administration, and officers from the Australian Electoral Commission, particularly the commissioner. Mr Campbell, do you have an opening statement?

Mr Campbell—No, thank you.

CHAIR—We will proceed to general questions.

Senator WONG—Good morning. Can I start by going to the public awareness campaigns that I think were discussed at the last estimates. I understand that the commission has received additional funding over five years—around \$18 million, including about \$6 million for communication. I think on the last occasion you told Senator Faulkner that you were expecting completion in May of this year of the on-air enrolment advertising campaign. I want to get some details as to where that was that.

Mr Campbell—I might make a couple of brief comments and then hand over to Mr Pickering and Ms Urbanski, who will give you the fine detail. Yes, we have been given additional funding for a public awareness campaign, particularly for the changes that occurred to the Commonwealth Electoral Act in June of last year. Work is well advanced. Indeed, on Sunday of this week, we commence the first stage of our advertising campaign on TV, on radio and in print. That will go for approximately six weeks to early July. That is the first stage of it. I will hand over now to Mr Pickering, who will give you some of the detail.

Mr Pickering—The advertising campaign, as Mr Campbell said, commences this weekend. The campaign will use a staged approach to encourage eligible electors to enrol before the election is called. So the main thrust of this campaign is enrolment based. The first phase will be a general support generation of the concept and value of voting; the second will be to explain the rules and how they have changed as far as deadlines are concerned; and the third will relate to encouraging people to enrol now to avoid missing out. They are the three stages of the campaign.

We have done research in the lead-up to this campaign, and we are aiming to reach 92 per cent of eligible electors with the campaign. It will use TV, including pay TV and SBS, cinema, newspapers, including metropolitan, regional and rural newspapers, magazines, including print-handicapped, radio and outdoor and online advertising.

Senator WONG—I would like to have some detail about each of the phases. Phase 1, I presume, is commencing this Sunday?

Mr Pickering—That is correct.

Senator WONG—It will run for six weeks, is that right?

Mr Pickering—That is correct.

Mr Dacey—No. The first phase will run for two weeks.

Senator WONG—Sorry, two weeks.

Mr Pickering—So there will be three phases of two weeks each.

Senator WONG—So on Sunday, phase 1 is for two weeks.

Mr Pickering—That is correct.

Senator WONG—What advertising is planned and or purchased for that phase?

Ms Urbanski—In the first phase of the campaign, which we call the ‘glow’ part—

Senator WONG—‘Glow’, as in, you are glowing this morning?

Ms Urbanski—It is called the ‘glow’.

Mr Campbell—You will have to wait until Sunday to see the fine detail.

Senator WONG—Is it an acronym?

Ms Urbanski—No. It will be evident from the ad.

Senator FAULKNER—The government is glowing in the amount of advertising, we know that.

Ms Urbanski—It is aimed at connecting with people about the value of voting. That area of the campaign is going to focus on some television, the internet, cinemas, and have a strong presence in outdoor advertising. For the non-English speaking community, the campaign will focus primarily on radio and the press, and there will be an Indigenous component.

Senator WONG—I am not going to ask you any more about ‘glow’, but do not worry; I am going to ask you a lot more about that campaign. Who came up with the idea of ‘glow’? Is that your creative content consultants?

Ms Urbanski—Yes. Strategic research was done back in May-June 2006, where we did a lot of focus group testing. With BMF, who is our creative consulting firm, we then came up with some concepts which we also tested along the way. We are trying to make sure that the messages that we were getting were being understood and recognised in an appropriate form by different audiences, so we focus tested.

Senator WONG—Was that BMF?

Ms Urbanski—BMF.

Senator WONG—BMF. They are your creative consultants; is that the term?

Ms Urbanski—Creative advertising.

Senator WONG—When were these focus groups undertaken?

Ms Urbanski—The strategic research was undertaken back in May-June last year, by a company called Eureka Strategic Research.

Senator WONG—Can you give me the dimensions of the television advertising?

Ms Urbanski—Yes. I should clarify this. We are talking about a first tranche of the six-week campaign, but we are planning then to have subsequent rollouts of areas of the campaign as we move towards the election. As we do not know the election date, we cannot fully lock in all we are going to do.

Senator WONG—Are you giving me this cumulatively or by each phase?

Ms Urbanski—I need to give it to you cumulatively. I want to talk to you, if it is possible, about the \$12.5 million.

Senator WONG—So this is for media phase 1, 2 and 3?

Ms Urbanski—It is for the six weeks plus if we do any of the extra tranches that we are planning, which we may do.

Senator WONG—Okay. Are you able to give me disaggregated figures?

Ms Urbanski—Not by the phases.

Mr Campbell—We have used the word ‘phases’ internally. Sunday commences the six weeks, which gets us to the beginning of July. That is why we have chosen that period. It is

going to be a continuum, but over the six-week period the ads will change. So the terms that Ms Urbanski has used of 'phase 1, 2 and 3' is the way we have internally handled the first two weeks, the second two weeks and the third two weeks.

Senator WONG—To recap before you take me through the figures, Ms Urbanski, the six weeks is commencing on Sunday. It is involving three separate communication phases or message phases.

Ms Urbanski—Three messages.

Senator WONG—And you are about to give me the cumulative figures for the total advertising spend and activity for the six weeks.

Ms Urbanski—For the six weeks plus what we have also booked in for a later rerun of some of the ads around August. We are planning another, say, three weeks to run around that time.

Senator WONG—Around August.

Ms Urbanski—But we are having to juggle this around when the election is called.

Senator WONG—Unless you have been told and therefore you know exactly, I suppose.

Mr Campbell—We do not know.

Senator WONG—I probably would have worked that out, thank you, Commissioner. In relation to August, how many weeks have been booked there for advertising?

Ms Urbanski—We have not yet committed the funding for this but we have talked with the media about the placement of these ads. We are looking at around three weeks.

Senator WONG—Commencing?

Ms Urbanski—At this stage about the week of 19 August.

Senator WONG—Okay. So the spend you are about to give me is the six weeks of the phase 1, 2 and 3 plus the three weeks booked in August.

Ms Urbanski—Yes.

Mr Pickering—If I could add, on 16 April legislation was passed, to commence on that day, which changed our enrolment provisions to introduce proof of identity. We did some advertising in April in the lead-up to that commencement date. The advertising figures that Ms Urbanski is about to give you include that short run as well.

Senator WONG—How many days in April does it include?

Ms Urbanski—It was over two weeks but it was basically long copy, so it was mainly press.

Senator WONG—Long copy meaning no television. There was no electronic advertising.

Mr Pickering—No.

Ms Urbanski—The only extra we did was on radio for the Indigenous community.

Senator WONG—Could you take me through it now?

Ms Urbanski—The planned spend for television is \$4,795,000. We need to give you two figures for the press. The POI, proof of identity, was—

Senator WONG—Which is the April campaign?

Ms Urbanski—Yes, the April campaign was \$310,000 and then we need to add into that \$1.697 million for the enrolment campaign.

Senator WONG—And this is for press, so that is print—

Ms Urbanski—Press.

Senator WONG—When you say ‘press,’ I am sorry, I am not an advertising—

Ms Urbanski—I am sorry; print—newspapers—

Senator WONG—I am learning a lot more about it because there is so much advertising around, but just explain to me: print?

Ms Urbanski—Newspapers.

Senator WONG—Thank you.

Ms Urbanski—We have only used internet for the enrolment campaign and the total spend that we are planning is \$693,000.

Senator WONG—Cinema?

Ms Urbanski—Cinema is \$194,000; magazines is \$836,000; radio is \$1.818 million. Outdoor is \$955,000, things like over tollways where you might have banners or at bus stations and key public places you will have billboard posters.

Senator WONG—Anything else?

Ms Urbanski—Yes. We have additional advertising for culturally and linguistically diverse: in addition to them having access to the mainstream, we have \$628,000 devoted to 21 languages being converted for press and 26 languages for radio.

Senator WONG—So \$620,000—

Ms Urbanski—\$628,000. Additional Indigenous specific promotional material and advertising is \$185,378.

Senator FAULKNER—So there is no Indigenous spend in what you describe as culturally and linguistically diverse.

Ms Urbanski—We have a separate—

Senator FAULKNER—It is completely different.

Ms Urbanski—Yes, and there will be some language translation work in that as well.

Senator FAULKNER—That other category is what is often described in advertising circles as NESB; is that correct?

Ms Urbanski—That is correct.

Senator WONG—Any other component of media buy?

Ms Urbanski—The print handicap—we will be doing some extra translation of material for Radio for the Print Handicapped et cetera, \$21,926; then we have material despatch and internet trafficking type behind the scenes activity, which will be \$249,000.

Mr Pickering—The total for that adds up to just over \$12 million. The ones that Ms Urbanski—

Senator FAULKNER—Can you give us the precise total?

Mr Pickering—\$12,074,925. That is in relation to the main enrolment campaign that Ms Urbanski has been running through. I spoke earlier about proof of identity. To give you the detailed breakdown associated with that, Ms Urbanski has already mentioned the figure of \$310,000 for press, but there were some small additional figures. In relation to proof of identity, the culturally and linguistically diverse additional translations figure was \$41,000; for Indigenous it was \$22,000; for print handicap it was \$6,000; and the material despatch was \$25,000. So the total spent for proof of identity was \$404,085.

Senator FAULKNER—And the addition of enrolment and proof of identity?

Ms Urbanski—Yes, that brings us up to about \$12.5 million.

Senator WONG—You have included some costs here—despatch, translation et cetera—do you have the total media buy cost?

Ms Urbanski—That is the media buy cost.

Senator WONG—No. I thought you said that you included some translation costs, interpreting into braille, and material despatch et cetera. Do you have an actual media buy?

Mr Campbell—By that, do you mean that we pay to a particular media—

Senator WONG—The amount you pay to print, television et cetera for the purchasing of the placement.

Mr Campbell—For the purchasing, excluding the creative design component?

Senator WONG—Yes.

Mr Campbell—So just the purchasing of television, radio and placement in newspapers et cetera?

Senator WONG—Yes. The media buy.

Mr Pickering—I have just been advised that the only figure that we would subtract from the figures that we have provided you is the material despatch line under POI of \$25,000 and the advertising campaign of \$249,000. All the rest are media buy figures. They do not include the associated translation costs.

Senator FAULKNER—What you are saying, which is what I assumed, is that, effectively, the figures which you, Mr Pickering and Ms Urbanski, provided to the committee do not include the below-the-line costs, such as creative, research et cetera.

Ms Urbanski—That is correct.

Senator FAULKNER—Before we move to some of those issues, what, if any, of these media placements have been handled through the Government Communications Unit in the Department of the Prime Minister and Cabinet?

Ms Urbanski—None.

Senator FAULKNER—I think I know the answer to this question, but for the record, can you explain why that is the case?

Ms Urbanski—The AEC is an independent statutory authority. We do not have to report to the ministerial committee, but we do liaise with the GCU in terms of advice. For example, when we are looking to go out to tender for various services, we will seek their advice on selections of suitable providers. We also use the whole-of-government contract for Universal McCann for the media buy.

Mr Campbell—I will just add to that, which may help this. The decision on when these were being run was taken by the commission, bearing in mind advice about the particular weight between television, radio et cetera, on advice of Universal McCann. But the decision on the timing of the run of all these ads was taken by the commission.

Senator FAULKNER—I basically understand that that is the case, Mr Campbell. It indicates that when the \$111,000 figure for government spending on advertising media placements is extracted from the Department of the Prime Minister and Cabinet, we can add another \$12.5 million to it. I am just making that point for the record. However, I support the AEC handling this independent of the Government Communications Unit. I do not quibble with that; I think it is proper. There is no criticism intended, just for the record. So that we get the full picture of costs relating to this advertising, can you detail the below-the-line costs or the non-placement costs, for the benefit of the committee?

Ms Urbanski—Eureka Strategic Research undertook, first of all, those focus groups that I talked about back in May or June 2006. When talking about that research, we are actually talking about preparation from all of our advertising through to the election. It includes what we would call enrolment, the voter services part for the election and formal voting. That amount was \$85,691. The amount that we are expecting to spend with BMF—our creative advertising company—on the creative work, again for the three phases, is \$3.2 million.

Senator FAULKNER—That is an absolute motza for creative—\$3.2 million.

Ms Urbanski—That includes the enrolment, voter services and formality.

Mr Campbell—It includes some of the ads that Mr Pickering and Ms Urbanski have not yet talked about. Not only do we do these; we have also done a single ad for House of Reps and Senate formality and informality, as distinct from two ads in 2004.

Senator FAULKNER—Are you saying that also includes media placements?

Mr Campbell—No; I am saying that includes more than the creative work that they have talked about over the next six weeks.

Senator FAULKNER—It would want to; it is still an absolute motza. I have never heard of a figure like that on creative before, particularly for such a small campaign.

Ms Urbanski—This is including the production of the ads. We have talked about Universal McCann. We also have \$260,000 for benchmarking and tracking the campaigns. That will take us through the enrolment campaign, the voter services and the formality, and it is by Eureka Strategic Research. We also spent \$108,800 for Woolcott Research, who did the concept testing for the enrolment and the formality ads. As the creative work is being done, before you go into full production of your ads, you test with focus groups the general approach, the concepts, the wording and those sorts of things.

Senator FAULKNER—Are there any other below-the-line costs or non-placement costs, if you like?

Ms Urbanski—I think that would be the cost. In addition to that, there will be costs around some translation, I would expect. I do not have figures for any translation costs.

Senator FAULKNER—Fair enough. So there is \$12.5 million in placement costs. What is the budgeted total in terms of what I think are best described as below-the-line costs?

Ms Urbanski—The total of these three?

Senator FAULKNER—Yes. What is your figure for the non-placement cost? There is \$12.5 million in placements; what is the non-placement cost?

Ms Urbanski—About \$3.725 million. They are on the list I have given you.

Senator FAULKNER—So that is \$16¼ million in total?

Ms Urbanski—Yes.

Senator FAULKNER—What is the actual budget? That is a \$16.25 million spend; what is the actual budget you have for this?

Ms Urbanski—The actual budget we are working to is \$12.5 million for the media buy. Then—this is where it gets difficult—of that \$3.725 million, chunks are for formality and for voter services. In some cases it is quite difficult to say so much was for enrolment and so much was for voter services and formality.

Senator FAULKNER—Fair enough, but I suppose what I am asking here is: do you have a global budgeting figure for advertising and promotion in these areas—in the enrolment area, the voter education area and so forth?

Mr Campbell—We do, and it goes over two financial years, of course, because there is expenditure this year and expenditure next year.

Mr Pickering—We have a budget allocated of around \$18 million for that total spend. As you can see, we are moving towards spending all of that.

Senator FAULKNER—A large proportion of which is now committed, effectively.

Mr Pickering—That is correct.

Senator MURRAY—Ms Urbanski, do you have an internal audit function in the commission?

Ms Urbanski—Yes.

Senator MURRAY—Have they had a look at that \$3.2 million creative to ascertain whether it is a reasonable figure for work done?

Ms Urbanski—No.

Mr Campbell—I heard Senator Faulkner's comments, but \$3.2 million is more than creative. It is also the production costs of the ads, including the television and print ads. So it is production costs. We were probably being a little careless in our language.

Senator MURRAY—That may make a difference. I think it would be very difficult to explore the depth of those figures in an estimates situation like this but perhaps I could ask you to have your internal auditors to just look over those figures and give us a fuller report.

Mr Campbell—Certainly. We will be reviewing all elements of this campaign, including whether or not the cost components that we have purchased at various points have been reasonable. That will be at the end—that is, after the election.

Senator MURRAY—I personally have a great deal of experience in marketing and advertising expenditure over many years—a couple of decades, in fact. It does seem unusually high to me, but it may be the description, it may be the components. I do not want to jump to judgement but on its face it is very high.

Mr Campbell—We will do as you ask. It is also the internet ads—not what we are buying but what we are putting on the internet—the variety of print ads and the production of the television ads.

Senator MURRAY—I would just like to be certain that you have not been ripped off.

Senator WONG—You are talking about the proportion of \$3.725 million for below the line?

Senator MURRAY—Yes.

Senator WONG—Yes. It is—what?—in excess of 20 per cent of what your spend is on the actual buy. Can I get some sense of what you are getting for that in terms of coverage? Could you perhaps tell me what sorts of numbers of placements, spread et cetera we are getting for the \$4.795 million on TV ads?

Ms Urbanski—We have a very detailed folder here of every placement.

Senator WONG—You could just table that, couldn't you, if you wanted to?

Mr Campbell—I think we will give it to you question by question.

Senator WONG—I am surprised by that response! You would have to go through and black bits out with 'don't say this', wouldn't you?

Mr Campbell—Never!

Mr Pickering—We are happy to take on notice that level of detail that you have just asked for but we do not have that level of detail here.

Senator WONG—The commissioner just said you probably do.

Mr Pickering—We have very broad coverage on each of the types of advertisements and the types that are associated with it, which are advertising descriptors.

Senator WONG—Okay. Do you want to give me what you have got? Then, if I need more, I will put it on notice. So you tell me what you have got, and we will go from there.

Mr Pickering—Okay. I will ask a colleague to come up to the table and explain the issue of TARPs and audience spread that is associated with each of these advertisements.

Mr Diak—During the first glow phase, which is basically a scene setter for establishing the value of voting, the glow television commercial will be running at 250 TARPs in the first week and 200 in the second. That will be accompanied by a cinema version that will be running at 300 in the first week and 300 in the second. That will go over into a third week at this stage with a further 300 there.

Senator WONG—Can you remind me how TARPs are measured?

Mr Diak—It is a pity we do not have someone like Universal McCann in the room, I guess. It is target audience rating points. But I do not have the exact formula of how it is put together.

Senator WONG—But it is an indication of the sort of coverage and who is seeing it. Is that correct?

Mr Diak—Yes, that is right. Basically all the TARP-level numbers at the end of the day give us the audience reach that we expect to achieve, which was mentioned as 92 per cent earlier on.

Senator WONG—What have you assumed will be the audience reach, then, of the glow campaign?

Mr Diak—I do not have it disaggregated by phase but I am sure I could provide that to you.

Senator WONG—No, that is fine. Tell me what the audience reach of the six weeks is.

Mr Diak—Bear in mind that this was a five- to six-week campaign and we are going to make a judgement when we have run the full six. I need to clarify whether the reach figure is for five or six; it is something I would have to check. On the numbers anyway, to give you a broad indication, it is 85 per cent for one-plus reach.

Senator WONG—It is 85 per cent.

Mr Diak—Yes. But remember that is just TV. The 92 per cent probably comes into it when you add in the effect of all the other components that are advertising at the same time.

Senator WONG—You are countering a proposition I have not even yet put to you. Maybe we can wait till I do it—if I do.

Mr Diak—Sure.

Senator WONG—Would you explain to me what the 85 per cent means, because I am new to this. The assumption is that that will reach 85 per cent of your target audience?

Mr Diak—Yes, with at least one viewing of the television commercial.

Senator WONG—What is your target audience?

Mr Diak—In a sense it is 18 plus. We want to get to every eligible Australian who can enrol to vote.

Senator WONG—So you are saying that your figures suggest that 85 per cent of all 18-plus Australians will see a television advertisement at least once.

Mr Diak—That is right.

Senator MURRAY—There is a difference between seeing it and noting it.

Senator WONG—There is a very big difference between seeing something and actually noting it or doing anything about it. I am just trying to work out what the parameters are. You are quite right, Senator Murray.

Mr Diak—You may be aware that in the advertising industry three-plus reach is regarded as more of an indicator for the registration of the message that is in the commercial. That is measured at 72 per cent.

Senator WONG—So 85 per cent is one-plus?

Mr Diak—Yes.

Senator WONG—So three-plus reach, which is generally regarded as where people understand the message, is 72 per cent of your target audience.

Mr Diak—Correct. There is a range of reach figures for press and radio.

Senator WONG—Could you give those to me, please.

Mr Diak—Yes. These are all measured off a planned schedule. Once you have a bought schedule—that is when your buyers go in and buy, which is a process that is only beginning now—you get a report at the end of the campaign about what was achieved. Press reach for one-plus is 79.9 per cent and for three-plus it is 46.4 per cent.

Senator WONG—So less than half the target audience will see a press ad—even on your own figures—enough times to register the message.

Mr Diak—Yes. That is reflective of the medium. Television is a more powerful medium and achieves a higher three-plus reach, if you like. The radio reach for one-plus is 82.4 per cent and for three-plus it is 51.6 per cent. I have figures for you, for the whole campaign, of 90 per cent for one-plus—so I might be correcting the earlier figure of 92 per cent there off the plan schedule—and 76.8 per cent for three-plus.

Senator WONG—And the assertion is that the one-plus figure is higher than any of the others on the basis that people will see at least one in one of the media?

Mr Diak—That is right. Just to elaborate on what I just said about 90 versus 92, the 92 per cent figure is taking into account the reprise of the campaign around August or whenever we expect the election could be.

Senator WONG—There are a couple of issues about that, aren't there. The first issue is that you said the figures you have given me are part of the planning but not necessarily the media buy.

Mr Diak—That is standard.

Senator WONG—You are doing it again—I have not even made an inference yet!

Mr Diak—I am sorry.

Senator WONG—In relation to this campaign, though, certainly some of the media buy, if not all of it, must have already been undertaken.

Mr Diak—It works sequentially such that the glow phase is what is underway at the moment. I do not have details to really speak about how Universal McCann are operating in a day-by-day sense at the moment, but obviously their task is to put the campaign away—that is, to buy the campaign in good time for each phase to be implemented across the media.

Senator WONG—I am not trying to trip you up here; I am just trying to get a sense of how far this planned placement has actually been effected in terms of media buy and whether there is any difference between what was planned and what is actually going to eventuate.

Mr Diak—In my opinion that would not be—

Senator WONG—You should not offer an opinion, but go on.

Mr Diak—No. Just based on my experience with public sector campaigns in a number of agencies, there should not be a major material difference. I do remember that the Olympics coming up in the middle of the last election might have been a serious effect that we had to plan for, for example, because a lot of time is booked out during a thing like that. But in the normal run of events we are working with the Commonwealth's media planner and buyer and we have confidence that they are able to achieve the bought schedule that is on the plan.

Senator WONG—I do not know if you have noticed, but the federal government is taking up a fair bit of advertising space. You might have trouble getting placement.

Mr Diak—I guess once again my response would have to be that Universal McCann have given us no indication that that is an issue for us in getting this campaign away.

Senator WONG—Was the AEC aware of the \$4.1 million being spent on the industrial relations advertising for this week?

Mr Diak—No.

Senator WONG—So the fact that yours starts after this current \$25,000-an-hour blitz is entirely coincidental?

Mr Diak—Certainly.

Senator MURRAY—And fortunate!

Senator WONG—Yes. They would not have space, would they—they could not have bought it. It is all packed in.

Mr Diak—As I alluded to in a comment to Senator Faulkner's question earlier, our timing was driven by the fact that we should assume that the Prime Minister could call a House of Reps and a half Senate election at the earliest time you can call it—that is, 1 July. We have to operate on the basis that an election could be called at any time from 1 July. That is the reason why we chose this six-week period to do what my colleagues are calling phases 1, 2 and 3. We are also building on a number of other things that might come out later in the hearing

about trying to get people to actually be conscious about the need to enrol and keep their enrolment up to date rather than leaving it to the last minute.

Senator WONG—Sure. I am going to come to the post six weeks aspect shortly. I am not an expert in media buy, but in terms of the sorts of TARPs that you have outlined and the reach, can you give me some sense of how many ads we are talking about—how many print ads, how many television ads and that sort of thing?

Mr Diak—In the television sphere, we have at my count six television commercials. There is the glow ad, which I have mentioned. There is a specific ad targeted at people who have moved address. There is one basic advertisement but in two versions regarding the changes around enrolment deadlines. Similarly, there are two for the third phase—the ‘don’t miss out’ phase.

Senator WONG—What does 85 per cent or 250 TARPs mean? If I am watching TV on a Sunday night, am I likely to see it once, twice, 10 times or not at all?

Mr Diak—I guess we have to look at it in a cumulative sense over the two weeks for the May-June campaign. Initially for the glow phase—and over the two-week period—that comes back to the one-plus and three-plus reach figures. I am afraid I do not have the glow, rule-changing and ‘don’t miss out’ phases disaggregated, so I cannot give you an accurate picture of that. But it is a very substantial media buy, and the campaign’s creative concept is integrated through the other forms of advertising, for example print, internet et cetera.

Senator WONG—So you are not able to just give me a sense of how much it will be on telly?

Mr Diak—I cannot give you that one-plus three-plus reach, which would really be the information that you are seeking, if I understand your question.

Senator WONG—You have given it to me for the glow phase. Can you tell me the information for the whole six weeks?

Mr Diak—For the whole six weeks it was those figures of 85 per cent of 18-plus people seeing it at least once and 72 per cent seeing it at least three times.

Senator WONG—I understand that that is the reach; I am just trying to get a sense of how often it is going to be on the telly.

Mr Pickering—I understand your question, but my understanding of the TARPs figure that we have been talking about is that that is the way of describing these advertising placements, because there are variations on the amount of reach at different times of the viewing cycle. You can have a high frequency with a low reach during the non-prime time of television or you can have very few ads during a prime time television period that come up to the same TARPs. That is the problem we have, and we do not have that information here.

Senator WONG—Sure. So you can not tell me if it is going to be on *Grey’s Anatomy* or something in the middle of the day.

Mr Pickering—Exactly.

Senator WONG—Do you have any examples of, for example, the print advisements available?

Mr Campbell—We have embargoed them all until Sunday.

Senator WONG—Okay, fair enough. I think that you have previously indicated to Mr Griffin your intention to include specific advertisements in the youth media for young people. Can you tell me about the plans in relation to that?

Mr Diak—Within the media planning task for Universal McCann we have definitely said that we want to reach young people as effectively as we can through the advertising medium—consistent with our overall spend. I can give you some similar reach figures for the 18- to 24-year-old cohort across the same areas that I gave you before if that is—

Senator WONG—That would be included in the information you have given me; it is just a sub-component, isn't it?

Mr Diak—It is.

Senator WONG—I might come back to that. Can you tell me what advertising will or might occur—depending on when an election is called—after the six-week campaign in relation to enrolment et cetera?

Ms Urbanski—We are planning to go out with the second tranche three weeks from 19 August, which will focus not on the glow part but on a repeat of the second and third phases. At the moment we are planning that around that time frame in August, again based on the fact that we do not know when the election will be called.

Senator WONG—Just to clarify: you are planning on 19 August at this stage—and I appreciate it is obviously dependent on what occurs in terms of an election—and you are planning a three-week campaign?

Ms Urbanski—Yes.

Senator WONG—To be simply a repeat of phases 2 and 3?

Ms Urbanski—Yes. I was also going to say that we will continue, through the internet, outdoors and in magazines, to keep a presence of those ads running through that period to connect up to the next tranche. The outdoor and internet advertising is—

Senator WONG—Cheaper.

Ms Urbanski—Yes, and you can keep it going. Why would you pull the banners off freeways? You just leave them.

Senator WONG—Sure. So they continue between the glow et cetera phase and then the repeated phase in August.

Ms Urbanski—Yes.

Senator WONG—Can you tell me the kind of planned placement, spend et cetera for the repeat of phases 2 and 3 commencing on 19 August?

Ms Urbanski—We will be having, again, ads on television. They will repeat the general messages. There will also be specific targeting for youth and movers. In the overall campaign, youth and movers are a key group.

Senator WONG—What is the planned spend for that?

Ms Urbanski—I do not have a break-up of that. It is all part of the figure of \$12.5 million that we gave you before. We have the costings but we have not committed, locked and loaded everything for these parts of the campaign. In some newspapers, on the weekends, we will be having information for movers and the general messages in the first two weeks. We are also planning radio to run through the whole three weeks. Internet and outdoor advertising will continue. Over the three weeks we will be doing radio for the NESB groups in the 21 languages. We will be doing press for the first two weeks. We are proposing to run the Indigenous targeted ads again, on radio and in the press, for the full three weeks. The print handicap targeted ads will also run for the full three weeks on radio.

Senator WONG—Are the TV advertisements proposed to run for the full three weeks?

Ms Urbanski—Yes.

Senator WONG—And you are not able to give me a breakdown of the allocation of media costs between the six weeks and the three weeks?

Ms Urbanski—No.

Senator WONG—Are you able to take that on notice?

Ms Urbanski—Yes.

Senator WONG—Is there anything else planned, other than what you have told me, in terms of advertising for enrolment?

Ms Urbanski—In terms of the advertising, no—this is what we are planning. We are going to have some other posters, promotional material and products that will be supporting other activities. For example, we have negotiated with the Australian tax office to have a special flyer in the *TaxPack* this year as an insert. There will be some other posters going out but they are not part of the advertising spend.

Mr Campbell—In addition—and it is not part of advertising, but I will mention it to complete the picture for you—late last year I wrote to every secondary school in Australia suggesting that we would have an Enrol to Vote Week for young people and asking that schools assist by giving us the name of a coordinator who would assist 17- and 18-year-olds in secondary schools in Australia in filling in enrolment cards if they were not already enrolled. That is going to be next week.

Senator WONG—I am going to ask some detailed questions about that, so you will have the opportunity to tell your story.

Mr Campbell—That is okay; I was not quite sure whether you were going to come to it. It is all part of the picture of what we are doing to build awareness.

Senator WONG—That is fine. Just to sum up—the government is spending around \$12 million on advertising to encourage people to fix up their enrolment or to enrol?

Mr Campbell—The government has given the commission money, which the commission is spending.

Senator WONG—Last night we were told of details of another government advertising campaign involving one mail-out from Senator Coonan to eight million households and one to three million households, with a total cost of \$24 million. Does the commission have a view

on the fact that the government is spending twice as much on spruiking its communications policies as it is on encouraging people to vote?

CHAIR—That is asking Mr Campbell for an opinion on something that does not fall within his responsibilities.

Senator WONG—Perhaps the parliamentary secretary could give a response. Why is the government spending twice as much on selling its communications policies as it is on encouraging people to enrol to vote?

Senator Colbeck—That is the decision that the government has taken. We want to get an effective message across.

Senator WONG—An effective message in communications but half as effective a message in terms of enrolling to vote?

Senator Colbeck—We have made some decisions in respect of our spending, and obviously you are interrogating those as part of this process.

Mr Pickering—Senator, I have an update for your information. We have been able to ascertain some details in relation to the number of showings of the advertisements. I cannot go down to the detail that I think you would be interested in. In broad terms, for the first two weeks on free-to-air television the advertisements will show in Sydney 102 times, in Melbourne 92 times and in Brisbane 99 times. That is all I can give you.

Senator WONG—What about Adelaide and Hobart?

CHAIR—I think Mr Pickering is just saying that they are the only figures he could get at the moment.

Senator WONG—You had better work on that! Are they going to show in Adelaide, Hobart, Darwin, or Perth?

Mr Pickering—They will.

Senator WONG—Do you promise?

Mr Pickering—It is a national advertising campaign. They were just examples to help put it into perspective.

CHAIR—South Australians must be more compliant!

Mr Campbell—We could never miss out on Tasmania.

Senator MURRAY—That is the strongest outrage I have seen used with ads.

CHAIR—The strongest or most genuine?

Senator WONG—Mr Pickering, this is in one week?

Mr Pickering—Two weeks.

Senator WONG—So in the first two weeks, this is glow.

Mr Pickering—Yes.

Senator WONG—There must be a non sequitur there, but I cannot think of one right now. In two weeks they will show 102 times in Sydney, 92 times in Melbourne and 99 times in

Brisbane, and no-one can tell me about Adelaide and no-one can tell Senator Brown about Hobart.

Mr Pickering—We will take it on notice.

Mr Campbell—We might have those numbers before we break.

Senator WONG—If I could give you some advice, Mr Campbell: I would really get those figures on the public record soon.

Mr Campbell—We will see if we can get them before we rise.

Senator BOB BROWN—I would add regional Australia.

Senator WONG—I think at the last Senate estimates I was going to move on to the teachers resource kit and the School and Community Visits Program at this point. Mr Diak, do not leave the building in case I have to come back to you. I think in answer to a question on notice—I believe to Senator Faulkner, or it might have been Senator Ray—it was indicated that the presentation kit and teachers resource kit would be finalised in May and copies would be provided to this committee once finalised. Have these resources been completed yet?

Ms Urbanski—The resources are near completion and we are expecting them to be ready in June. The construction of these products has been complex because there are a lot of interactive DVDs as well as booklets, and there is some packaging around it. That has taken longer than we had hoped, but they are well advanced and they should be out in June.

Mr Campbell—We will provide copies to the committee when they are available.

Senator WONG—I think it was well advanced last time. Can I go back for a minute to the young people reach issue. You did say you could give me reach in terms of young people.

Mr Diak—With regard to the reach for youth, I presume we are talking May-June. For the 18-24 cohort, one-plus is 78 per cent and three-plus is 63 per cent; for press, one-plus is 72 per cent and three-plus is 36.4 per cent; and for radio, one-plus is 79.8 per cent and three-plus is 45.1 per cent. Overall, one-plus is 86.8 per cent and three-plus is 70.2 per cent. Cumulatively, across June to August, I have the overall figure at 89.4 per cent for one-plus and 75.5 per cent for three-plus.

Senator WONG—So 89.4 per cent will see it at least once, and 75.5 per cent will see it three times.

Mr Diak—Yes.

Senator WONG—Is this 18- to 24-year-olds across all sections of the campaign?

Mr Diak—I should clarify that. The latter pair of figures for the campaign is just for June to August.

Senator WONG—So this is post-June or post-glow—phases 2 and 3 and the subsequent August campaign. Is that right?

Mr Diak—Yes, June through August.

Senator WONG—Let's be clear about what we are talking about here. Those figures are for the entirety of the six weeks plus the three weeks in August that we have been discussing. Is that right?

Mr Diak—Yes.

Senator WONG—Those figures indicate that even with a best case on your planning, only three-quarters of the relevant young people will see an advertisement enough times to register it.

Mr Campbell—That is what the figures are telling us, yes.

Senator WONG—Do you think it is acceptable that one out of four people will not get the message?

Mr Campbell—That is not what the data is telling you.

Senator WONG—It is, in terms of your campaign material.

Mr Campbell—No. The data is telling you that in terms of our public awareness campaign using TV, radio and cinemas et cetera, it is 89 per cent and 75 per cent. With the Enrol to Vote Week—which I mentioned and you said you have questions about—our ongoing CRU process and our door-knocking process that we are going through at the moment with regard to a large number of residents, we presume we will be getting an increased reach.

Senator WONG—You are presuming?

Mr Campbell—Yes.

Senator WONG—Do you have research to back that up or is it just a feeling?

Mr Campbell—While we have been given these coverage figures by media advisers, we do not know which of that cohort are the 25 per cent of the population that will not see it three times. We do not know who they are; we do not have their names and addresses et cetera. At the beginning of the year we started advertising through the Big Day Out and the media associated with the Big Day Out, at orientation week within universities, at Enrol to Vote Week in schools and at our ongoing continuous roll update. In the period from the middle of March until now we have been undertaking a very comprehensive and targeted habitation review. I think it is reasonable to assume that those exercises will pick up some of that cohort that are not in the 89 and 75 per cent, but I cannot say how much and, therefore, I cannot give you a total figure of reach.

Senator WONG—Do you think the three-plus reach—that is that, in accordance with the advice from your consultants, three out of four young people will see an advertisement enough times to register the message—is an acceptable figure, Mr Campbell?

Mr Campbell—I am being advised that, given the amount of resources and time I have, and given that I have to try and anticipate the timing of this to maximise an election, I can do no better in the media campaign.

Senator WONG—Unless you were given more money?

Mr Campbell—If I was given more money then there would be more time on airways, but I would still have the fundamental problem that people often leave enrolment or changing their enrolment details to the last minute and I do not have the date of an election.

Senator FAULKNER—But there's the rub, isn't it, Mr Campbell? What you say is absolutely right: people leave their enrolment to the time of the election. This government has

deliberately enacted legislation that means the rolls close on the day the election is called, which will disenfranchise hundreds of thousands of people. It is a deliberate political tactic and no amount of advertising is going to change that completely understandable mindset in the Australian community of a young person not on the roll or a person who has not changed their enrolment if they have moved houses and the like. Nothing is going to change that mindset, and who could be critical of it? Around this table we are a bit more engaged in the political process than a lot of people. When an election is called, it is the trigger to fix your enrolment or to enrol, and this government has deliberately ensured that hundreds of thousands of Australians will be disenfranchised. What you said is right, and there's the rub. I remain incredulous that you, as the Electoral Commissioner, actually supported that change when all your predecessors over decades completely rejected such a policy.

CHAIR—Mr Campbell, would you like to respond?

Mr Campbell—Senator Faulkner raises policy issues. The only comment I would make is: I did not support it. I did not oppose it, and there is a very big difference between not supporting and not opposing.

Senator FAULKNER—You did not oppose it; fair enough. All your predecessors opposed it strongly, vociferously, and I believe you should have because this is about enfranchisement. This is about the democratic process. It should not be about partisan politics at all. Many people who vote for the Liberal Party, the National Party, the Labor Party, the Greens and the Democrats use the calling of an election as a trigger—

CHAIR—Senator Faulkner, is this leading to a question?

Senator FAULKNER—yes, there is a question—to get on the roll. The problem now is: the election will be called on the day the rolls are closed.

Senator Colbeck—That is not necessarily the case, Senator Faulkner.

Senator FAULKNER—It is necessarily the case.

Senator Colbeck—The rolls close on the day the writs are issued, which is not necessarily the day that the election is called.

Senator FAULKNER—The rolls close on the day the writs are issued, if you care to examine what has happened in terms of the calling of Australian elections. One of the advantages of incumbency—we understand this; it is not a criticism—in Australian politics, as we do not have fixed terms, is that the incumbent Prime Minister of the day is able to call the election when he chooses. Fair enough; that is the way the system works. But what happens, of course—and you go and check—in relation to the issuing of the writs is that prime ministers basically announce that writs have been issued for the election. That is the way it has worked and that is the way it will work on this occasion. It is a deliberate strategy, particularly to stop young Australians enrolling.

CHAIR—Senator Faulkner, do you have a question for Mr Campbell?

Senator FAULKNER—I just responded to the parliamentary secretary to correct the record.

CHAIR—I know you did. I am just asking if you now have a—

Senator FAULKNER—We would not want that wrong information standing about the election.

CHAIR—I appreciate you are responding to Senator Colbeck.

Senator FAULKNER—I am always happy to do that.

CHAIR—Do you have a question for Mr Campbell now?

Senator FAULKNER—Not on that matter.

CHAIR—Thank you.

Senator FAULKNER—Senator, I think perhaps I have a different view to that of the Electoral Commissioner—

CHAIR—A different view indeed.

Senator FAULKNER—on this issue. Mr Campbell says he does not express a view. We nevertheless have a situation where up until recently—

CHAIR—Senator Wong.

Senator FAULKNER—I do have a question: it is true, isn't it, Parliamentary Secretary, that up until recent times we have had a situation where the Australian Electoral Commission has argued very strongly against the rolls closing at the time the writs are issued for a federal election? That is true and that policy has changed only in recent times.

Senator Colbeck—Senator Faulkner, just to correct something you said—seeing that we are about correcting the record—for the last four elections the time difference between the calling of the election and writs being issued has been between one and four days. So it is not the case that in recent times the writs have been issued on the day at the time that the election has been called.

Senator FAULKNER—What was the previous electoral law in relation to closure of the rolls? Would you care to outline that to the committee so we can examine in a completely straightforward way what these changes to electoral law mean. They will stop people enrolling—that is what will happen. We know what the figures are; they have been provided to this committee and to the Joint Standing Committee on Electoral Matters consistently over literally years. I think you can confirm that, Senator Murray. We have been provided over years and years, for electoral event after electoral event, with the numbers that have enrolled after the issuing of the writs, both new enrollees and people who are transferring their enrolment. I commend those statistics to you, because you will see the hundreds of thousands of people who are going to disenfranchised in this election. Parliamentary Secretary, do you know what will happen? We will have the same experience we had in the 1983 federal election when Malcolm Fraser tried to pull the same trick. You will have queues and disruption at polling booths all around the country—all because the Howard government wants to try and rot, fiddle and manipulate the democratic process. It has done so through these legislative changes on the closure of the rolls.

CHAIR—Senator Faulkner, is there a question there?

Senator FAULKNER—I am happy to have a debate on it any time you like.

CHAIR—Mr Campbell, just on this point, although there has been a change in terms of the closing of the rolls, has there been any change to legislation which determines the obligation on an eligible voter to actually enrol?

Mr Campbell—No.

CHAIR—So there has been a legal requirement, a legal obligation, for eligible voters to enrol?

Mr Campbell—As you know, Senator, yes.

CHAIR—And that has not changed?

Mr Campbell—No.

Senator WONG—Because it was a legal obligation, that deals with the early closure of the rolls issue—is that the proposition?

CHAIR—No, the proposition is that there is, and always has been, an obligation on eligible voters to be enrolled.

Senator FAULKNER—Electoral Commissioner, can you tell the committee how many people enrolled, newly enrolled or changed their enrolment in the 2004 election between the issuing of the writs and the closure of the rolls under the old legislation?

Mr Campbell—There was a total of 423,000 cards received, of which 38,000 were from people who were already correctly enrolled and 78,000 were new enrollees. The remainder were people changing their details.

Senator FAULKNER—So over 400,000 Australians in 2004?

Mr Campbell—No, it was just under 400,000. There were 38,000 people who gave us cards but were already correctly enrolled.

Senator FAULKNER—How many enrolments were people either changing enrolment or newly enrolling?

Mr Campbell—About 380,000.

Senator FAULKNER—So about 380,000 Australians in 2004, if they adopted the same pattern of behaviour, would be disenfranchised or their franchise would be affected by them voting in the wrong electorate. How that is in the interests of the democratic process I do not know. I do not understand. For the life of me I cannot imagine why anyone would have any other interpretation of this than as a deliberate attempt to affect the franchise in Australia by a government that is making it harder for people to vote and covering up donations to political parties at the same time. That is the pattern in Australian politics. It is an absolute disgrace.

CHAIR—Senator Faulkner, is the question for Senator Colbeck or Mr Campbell?

Senator MURRAY—On the same point, can Mr Campbell confirm that that is over 2,000 on average per constituency and around three to four per cent of the average number of voters in the constituency? Is that right? That is using simple maths.

Mr Campbell—At 150,000 divisions, yes, that is right. With 380,000—

Senator MURRAY—It would be over 2,000 voters on average per constituency and around three to four per cent per constituency. That is accurate, isn't it?

Mr Campbell—Yes, but a large number of those—and this is the point Senator Faulkner was making—were already on the roll. Some would have been on the roll within their division. We have given these figures to the committee before and I do not have them in front of me, but there were 78,000 new enrollees in 2004 and then there were a significant number of people who changed their enrolment details. A proportion of those would have been within the division, so it was just address and they moved around the corner. Some were within a state and some were between states.

Senator FAULKNER—Yes, but it still affects the franchise.

Mr Campbell—I am just answering the question on the numbers.

Senator FAULKNER—The point is that, of those 380,000-odd people, some will not vote at all who would otherwise have voted and some will vote in the electorate for where they should not be enrolled. Maybe that means some of those will not vote at all. It is a major impact on the franchise, with 380,000-plus people either not voting or voting in the place where they do not live, where they wish to change their enrolment. It is unarguable. The Electoral Commission has no other responsibility but obviously to act in accordance with the Electoral Act. I do not blame the Electoral Commission for this; I blame the Howard government, making it harder for Australians to vote, deliberately, and also impacting on the electoral process in relation to the disclosure provisions of the act. It is harder to vote and easier to donate and for those donations to be covered up. It is a massive step backwards in terms of the franchise and the electoral process in this country.

CHAIR—I am hoping you might get dangerously close to asking a question here.

Senator FAULKNER—No. I am just putting my view, as we sometimes do at these committees.

CHAIR—Senator Wong, do you have a question?

Senator WONG—I have a range of questions.

Mr Pickering—Senator, I have an update for you for some other states in relation to—

Senator WONG—You are going to talk about Adelaide, aren't you?

Mr Pickering—I am.

Senator WONG—I thought you would do that. I thought, 'This is one they won't take on notice.'

CHAIR—This is known as a tone modifier.

Senator WONG—Is that the technical phrase? There are spin doctors everywhere in the Howard government, even the chair of the committee.

Mr Pickering—For Adelaide, we will show the advertisements in the first two weeks 77 times—

Senator WONG—Discrimination, see.

Mr Pickering—Perth, 85 times, and Hobart, 36 times. With regard to Senator Brown's suggestion before, we are unable to provide the regional frequency at this stage but we are happy to take that on notice.

Senator BOB BROWN—Thirty-six times on one outlet, or more than that?

Mr Pickering—More than one outlet for Hobart.

Senator BOB BROWN—In the general advertising to the community, is each outlet running the same number of ads to get the same penetration through repetition?

Mr Diak—It would not be the same number of showings on each TV channel, as it were. The media planning task would be to achieve the target audience rating points, the reach across all channels. Of course, if you are talking about ratings, it is an analysis of the ratings on particular TV shows and marrying that into the number of exposures or showings of the television commercial on particular channels.

Senator BOB BROWN—Surely you are not—or maybe you are—implying here that people in Hobart can pick up the contents of an ad and understand it faster than people in Sydney. Is there some implication in this arrangement?

Senator Colbeck—That is probably right!

Senator BOB BROWN—It is an interesting analysis by the AEC.

Mr Diak—I actually do not have the information or the rationale behind the number of showings in Hobart with me at this stage.

Senator BOB BROWN—It does not come down to an intelligence rating?

Mr Pickering—It certainly does not.

Senator BOB BROWN—It would be interesting to know what the reason for the disparity is. Could you provide the committee with that?

Mr Diak—Okay.

Senator BOB BROWN—You do not have figures for Launceston or Bathurst or other—

Mr Diak—I do not have them here but I could drill to that level to provide that sort of information to you on notice.

Senator BOB BROWN—Thank you.

Senator WONG—I would have thought, Parliamentary Secretary, that you would be somewhat upset with Hobart getting only about one-third of the coverage Sydney gets.

Senator Colbeck—No, Senator Wong, I am interested in the regional figures because I live in regional Tasmania.

Senator WONG—Tassie—one-third!

Senator Colbeck—I live in the north of Tasmania so I was interested—

Senator WONG—So you are not interested in the rest of Tassie? The poor old Hobart residents are only going to get it 36 times and Sydneysiders are getting it 102 times. Senator Faulkner should stay out of this discussion.

Senator Colbeck—I am waiting for the response to the question on notice so that I can find out what the figures are for northern Tasmania.

Senator WONG—So you are comfortable with Hobart getting one-third of what Sydney gets?

Senator Colbeck—I am interested to understand the rationale for it, and the officers indicated that they are going to come back with that information.

Senator BOB BROWN—I think it is that people in Hobart pick it up faster than anybody else in Australia, but the AEC may come back with an alternative answer to do with the number of television channels and so on.

Senator FAULKNER—Is the Australian Electoral Commission aware of the pandemonium on polling booths in 1983 when we had the last experience of closure of the rolls at the time of the issue of the writs of the election? Have you had a look at that?

Mr Campbell—We are aware of it; I am not sure what you mean by ‘have we had a look at it’.

Senator FAULKNER—You are aware of what occurred in 1983 on polling day. Is there any planning in place, given that the Howard government has deliberately adopted electoral legislation that is going to inevitably lead to the same issue with hundreds of thousands of people going to polling booths and finding that they are either not on the roll or that they are on the roll at a different place from where they live? We all know what that means in terms of procedures on polling booths, so let us not go into that in detail. The issue I am trying to focus on here is that there has been an experience of this in comparatively recent Australian electoral history—24 years ago. Every political professional in the place knows what it was like. I think ‘pandemonium’ is a reasonable description.

Senator BOB BROWN—It is.

Senator FAULKNER—Thank you, Senator Brown, you often do not think I am reasonable.

Senator BOB BROWN—I recollect that election and you are quite right.

Senator FAULKNER—So do I. There were good elements to it, too, I must say—mainly the result.

Senator BOB BROWN—If you are looking for outcomes.

Senator FAULKNER—Have you drawn on that experience in terms of any procedural approaches on polling booths, given that we face this situation for the first time since then—that is, the issue of roll closure at the time of the issue of the writs?

Mr Dacey—I cannot comment on your quote of pandemonium in 1983; I was not in the AEC. Certainly, we have heard of instances of some concern at some polling places. We have outlined that the campaign and the tactics we are undertaking between now and the election is a first for the AEC for some many years—to be advertising, promoting and encouraging enrolment to the extent that we are in the pre-election period. However, we are very aware that, as after any close of rolls whenever it might be, people will miss out. We certainly are planning for and have reduced table loadings, as we call them, at our declaration tables in

polling places because we also have the additional requirement now of proof of identity for people casting provisional votes. So we are aware of that and we are taking that into our planning. We will always have people at any election, regardless of when rolls close, that will miss out. We hope that the strategies we are putting in place will significantly reduce that and hopefully not lead to any pandemonium.

Senator FAULKNER—I am pleased to hear that.

Senator BOYCE—Will you be able to measure the success of your advertising campaign?

Mr Dacey—We can certainly measure the success in terms of people who attempt to enrol after close of rolls and also people who cast provisional votes on polling day because of the fact they are not on the electoral roll.

Senator FAULKNER—But the experience of 1983 is relevant. I would respectfully suggest to the Electoral Commission that it take a look back at what occurred. There was quite extraordinary disruption at polling booths. There was widespread disruption. It was because of the issue of time. I predict now that you will have similar problems in 2007. I am pleased to hear what you have said, Mr Dacey. That is sensible planning. I think the number of declaration votes is obviously going to be dramatically increased—it must be, on the figures that you have given. Basically, on those figures, you would be expecting the best part of an additional 300,000 declaration votes. It might even be more. Wouldn't that be right?

Mr Dacey—I am not in the business of predicting the number of declaration votes.

Senator FAULKNER—But you should be. You have to plan for this. Surely you have to plan for this, because you know the statistics. You know the number of people who change their enrolment or who newly enrol—it was 380,000 between the issue of writs and the close of the rolls in 2004. In the case of those people, there is going to be a real problem. They will go to their local polling booth and find themselves in a situation of having to cast the sort of vote that they have never had to cast before—that is, if they can vote at all. Eighty thousand of them will not even get a vote, come what may. It will be tough.

Putting aside whatever the Electoral Commission's view might be on these changes—and mine is clear; everyone knows what my view on this is and I always respect the independence of the Electoral Commission—you have to deal now with the legislation that you have. We know the pattern in 2004 and what was faced then—the number of people who changed their enrolment or were new enrolments after the issue of the writs. That is not going to happen. That activity will not take place. Surely that means there are some planning imperatives for the AEC that have not been a consideration in recent electoral events.

There is no partisan element to my question. I am more than happy to and do at times ask questions at these committees that have a partisan element, but I am not interested in a partisan response. I think there is a planning issue here. I do not know if you understand the distinction that I am making here, Mr Campbell, but I think it is an important one. The professionals in the AEC really need to address it, I think. I draw two things your attention—firstly, the experience in recent elections in relation to people who are newly enrolled or who change their enrolments between the issue of the writs and the closure of the rolls, which will not happen in 2007; and, secondly, the experience on the last occasion that we had an

electoral event when effectively the rolls closed at the time of the issue of the writs—in 1983. I am going on memory there, but I am pretty sure that I am right.

Mr Dacey—As I said, through our campaign and the strategies we have in place—and we are planning; as I said earlier; we have looked at table loadings in polling places in particular—we will be doing everything we can to mitigate these sorts of problems. I should point out, though, that for people changing their address rather than new enrollees, they will have three working days after the issue of the writ to re-enrol or make those changes.

Senator FAULKNER—Yes, but what did they have previously?

Mr Dacey—They had seven days, not seven working days.

Senator FAULKNER—Yes, seven days.

Mr Dacey—They will have three days. The roll will not close for those people on the day the writ is issued.

Senator FAULKNER—I understand. I do know that. But for new enrollees there is no time at all. These are very significant changes. I know, and I believe that everyone in this room knows or should know, that the calling of an election does trigger this activity. We know that because of the statistics that have been provided for the 2004 election and previous electoral events. We know this. You know what is coming. There is a track there and the train is coming down the track. That is why planning is going to be important in this instance to deal with this appalling policy change.

Senator WONG—Just to finish off on this, Mr Campbell, I think you have previously conceded that we can very clearly demonstrate that in the past the calling of an election has triggered people's enrolment activity. You would agree with that?

Mr Campbell—Both at federal and state elections, yes.

Senator WONG—Your figures are that around 380,000 people fall into the category of having an enrolment change or an enrolment triggered?

Mr Campbell—Yes, and those figures have been on the public record since 2004.

Senator WONG—I go back to what Senator Boyce asked. After this election, the AEC will be able to assess around about how many people were effectively disenfranchised as a result of those changes—that is, the number of people who provisionally voted or failed to enrol. You will be able to get some sense of that, of what the equivalent figure to the 380,000 will be.

Mr Campbell—We will have the equivalent figure of people who have given us enrolment cards after the two close-of-roll dates. So we will have those for the whole period of the issue of the writs, as we have in the past—because, as Mr Dacey has pointed out, some people have come in on days 8, 9 and 10 as well in past elections.

Senator WONG—Yes, but you would agree it will be a far stricter and more exclusive requirement under the current laws.

Mr Campbell—The deadlines have changed, yes.

Senator WONG—With the effect that it will be more likely that more people will be in the category of not being able to vote.

Mr Campbell—At this stage I am just saying the deadlines have changed.

Senator WONG—You are not conceding that.

Mr Campbell—I am not. Because all that we are doing with advertising, I do not have a view at the moment on what the final figures will be.

Senator BOYCE—We would expect the advertising campaign to have a very strong effect on the enrolment numbers, would we not? There would be very little point to this campaign if we were not expecting it to encourage a lot of enrolments at this juncture.

Senator WONG—You are spending twice as much on spruiking your communications policies as you are on getting people to enrol.

Senator FAULKNER—I would not use the word ‘expect’. I think what the commission does is it is going to hope it does—and I hope it does too. I expect everybody would hope it does. Time will tell. Unfortunately, the pattern in relation to enrolments is not a happy one, something we have canvassed previously at this committee.

Senator WONG—What if it doesn’t, Mr Campbell? What if the figures the commission collects and analyses after the election demonstrate quite clearly that the advertising campaign had a limited effect in preventing the disenfranchisement of hundreds of thousands of Australians?

Mr Campbell—Advertising and other activity which we have—

Senator WONG—And other activity.

Mr Campbell—As we have done for a number of post elections, next year we will be reporting back to the Joint Standing Committee on Electoral Matters and will be giving full data as to what has happened in that period of time.

Senator WONG—And, if that is the case, how will your decision to not oppose these changes look?

Mr Campbell—I think it is a more complex issue than that because the fact is I and a number of officers in the commission have concerns and have had concerns about the capacity of our staff to process appropriately 400,000 cards in a very short period of time.

Senator FAULKNER—They have done it. They have done it well.

Mr Campbell—They have, and they have done it well. But I think all of our staff would admit that at various times they might put their hand on their heart and say, ‘I hope this is an appropriate enrolment.’ We do not know because they are doing it so quickly. You are doing 400,000 in 150 offices in a very short period of time.

Senator FAULKNER—It has been done very effectively and very well for many, many years. I am afraid the impact of these changes is on the franchise in this country, on the democratic process in this country. What has happened in relation to these changes? Obviously it does not seem to have much impact in the media and elsewhere, but it is a massive change that will affect the franchise, the democratic process, the electoral process.

This commission has had a very good record for a long period of time of being able to handle the administrative burden that an election brings. That is the nature of the business.

I believe, having spoken to many people who work for the commission, from junior to the most senior levels, that everyone understands that the work in a sense is cyclical. Everyone knows the pressure an election brings, and it has been handled well. We have had an electoral system of unqualified integrity and we have had, up till now, an Electoral Commission of unqualified independence, and that is my expectation. I have absolute confidence that you, Mr Campbell, and your staff can do the job in 2007 like it has been done in 2004, 2001, 1998, 1996, 1993, 1990, 1987—do you want me to go on?—1984, 1983, 1980. Of course you could.

CHAIR—If it leads to your question, Senator Faulkner, yes, do go on.

Senator WONG—The AEC has always been of the view that it could handle the surge in enrolments pre an election, hasn't it?

Mr Campbell—Yes, that has been expressed by members of the AEC.

Senator WONG—Do you not agree with that?

Mr Campbell—I have my reservations.

Senator WONG—So all your predecessors and all past practices are wrong?

Mr Campbell—I did not say that; I said I have my reservations.

Senator WONG—So it is better to have a situation where it is harder for people to enrol and they have a shorter time frame so that fewer of them enrol; is that the way one deals with this?

Mr Campbell—We are at the point now where I have legislation that I have to administer and that is what I am doing.

Senator FAULKNER—That is true and that is why I raised the issue. The legislation has changed massively in relation to closure of the rolls and that is why I am hoping there will be a great deal of effort put into planning, given previous experience, in the way that I have outlined it—the events of the 1983 election, which was a debacle on polling booths; and of course the number of people who have either enrolled for the first time or changed their enrolment after the issue of the writs since the 1983 election. The pattern is clear. It means that there will be real problems on polling booths. I am pleased to hear from both you and Mr Dacey, at least, that there has been some planning put in place. I would respectfully suggest that it needs to be very thorough and deserves a high priority in the commission. It is a real concern to me.

Senator WONG—Mr Campbell, could I go back to the 75.5 per cent figure for 18 to 24s which we were discussing. I want to reiterate my concerns about that. As I understand the evidence that has been given, one out of four young Australians will not see an Electoral Commission advertisement a sufficient number of times to have the message register.

Mr Campbell—They will not see it three times.

Senator WONG—Well—

Mr Campbell—May not.

Senator WONG—No, let's be clear. I appreciate you have an argument about this and you are entitled to put it, but the three-plus reach, as I understood the evidence from your officers, is what is generally regarded as being necessary for a message to register. Correct?

Mr Campbell—For the purpose of that ad, yes.

Senator WONG—So one out of four young Australians will not see an advertisement from the Electoral Commission a sufficient number of times for the message to register.

Mr Campbell—The reason I am quibbling over the words here is that I believe the message is broader. We are putting the message out in a number of environments, not just in the ads. So if the question relates to the message from the ads solely then that is what the figures say, but I am saying that we have other avenues and we are doing other things as well.

Senator WONG—So you are comfortable with the three out of four figure?

Mr Campbell—I think everybody who does advertising and public awareness campaigns would like 100 per cent, but I think that, because of the way people react to advertising and the way people access communications channels, you will never get 100 per cent through advertising.

Senator WONG—And the amount of resources you put into it too.

Mr Campbell—As I said earlier, if the commission had more money we would run the ads for longer periods of time, yes.

Senator WONG—And that would achieve greater reach?

Mr Campbell—I would presume so. I would have to take that away because I am not a media expert—

Senator WONG—Nor am I.

Mr Campbell—but one would presume so, everything else being equal.

Senator WONG—I have only looked at some of what you have said, but you have been before the parliament a lot, haven't you, in recent times?

Mr Campbell—Over many years.

Senator WONG—You have said previously that you had enough money and you had enough resources for your advertising campaign.

Mr Campbell—I think I have said in the past how much the government is giving me. I do not think that I have ever said 'enough', because in these circumstances it is a bit like asking: 'How long is a piece of string?' at times.

Senator WONG—Do you have enough?

Mr Campbell—I am working with the budget I was given in 2006. I am working within the parameters of that budget, and I tell you I will spend every cent of that budget. As we have been debating here with Senator Faulkner over the last half hour, the proof, as they say, will be in the final outcome or in the pudding.

Senator WONG—We have talked about reach in terms of media. Do you have a target for the number of enrolments as a result of the advertising campaign?

Mr Campbell—This is now getting into enrolment. We have some projections we would like to achieve in enrolment. They are not from the advertising campaign per se but because of a whole package of issues, including, as I have said earlier, the very substantial targeted habitation reviews we are doing at the moment.

Senator WONG—By ‘habitation reviews’ you mean people’s houses?

Mr Campbell—Yes, but these are more targeted than we might have done in the past.

Senator WONG—‘Habitation review’ sounds like some sort of zoo environment.

Mr Campbell—It is an old term.

Senator WONG—I know it is; I have read it before. I just think it is funny. What are those projected targeted figures?

Mr Campbell—I will have to ask Mr Moyes to come up and talk about what we would expect. We have looked back at what we had in 2004. We then looked at what we saw as the projected population growth, and that then gave us some figures as to what we thought.

Senator WONG—Can you give me the figures, Mr Moyes.

Mr Campbell—We should start with the close of rolls figures in 2004 because that is what we are using as a base.

Senator WONG—Okay.

Mr Moyes—I did not pick up the whole question but I will do is start with where we have been and where we are with roll numbers and where we want to be.

Senator WONG—And what your projected target is.

Mr Campbell—Which is where we want to be.

Senator WONG—Do you have targets and projections—that is, where you want to go but where you think you will get to? How does it work?

Mr Campbell—We have the figures that we think are an appropriate level—and we will try to get that. I think the best figure to start with is what we think, given history, is a reasonable level of the roll.

Senator WONG—Okay.

Mr Moyes—At the close of rolls for the 2004 election the number on the roll was just over 13 million—13,021,000. I will give these as round numbers rather than exact ones if that is okay. At 30 June 2006, our numbers were 13,081,000 approximately. At 31 March this year we were at 13,340,000. At 30 April it was 13,400,000. At 17 May it was 13,435,000. So the change since 2004 up to 17 May is a little over 400,000.

Mr Campbell—As I have mentioned twice, we have been embarking upon a very substantial targeted doorknocking process. What we have done there, under the CRU, is held back a number of CRU objections. An objection is where we write to a person saying, ‘You are no longer enrolled at the right address. Unless you put in an enrolment form, you will come off the roll.’ We have a group of people there that we are still holding, but they will go out in early June because in effect we know where they have moved to. They are the ones for

which we have gone and knocked on their door and said, 'Please enrol; fix up your enrolment.'

Senator WONG—I have some questions about that continuous roll update.

Mr Campbell—So we have a number of those sitting in the system. We are not sure how many of them we will pick up. Therefore, if we do an assumption about the number sitting in the objections which we might not get to through our targeted door knocking—and targeted door knocking is probably not as effective as it might have been 20 years ago for a whole host of reasons—then our real roll at the moment, after those objections, is about 13,250,000, compared to, at close of roll in 2004, 13,021,000, a 230,000 increase.

Senator WONG—So 13,250,000 is your projected—

Mr Campbell—At the moment, if you take into account the objections we are about to run.

Senator WONG—That is the actual.

Mr Campbell—That will be the actual. We have to say here there is no use giving you an inflated roll and we know we have some objections sitting in the system which are about to go on.

Senator WONG—So you have just under 200,000—is that right?

Mr Campbell—About 180,000, we think. We are hoping it will be fewer than that. We are being very conservative in our estimates.

Senator WONG—But the net figure you think the roll is currently at would be?

Mr Campbell—The net underlying figure, if you got them right, would be about 13,250,000, which is 230,000 larger than for the 2004 election.

Proceedings suspended from 10.48 am to 11.08 am

Senator BOYCE—Perhaps I should start with you, Commissioner, with this question. I am not sure who the person I might best direct it towards is. It is perhaps a little unusual in that it is not directed at any political pointscoring. As I travel round Australia, I find there is a cohort of people in their late twenties and early thirties, in my experience, who, despite many opportunities to enrol, choose not to fulfil that responsibility. Do you have any sense of the size and the characteristics of that cohort of people who do not enrol even though they know they should?

Mr Campbell—No, we do not have an indication of their demographic characteristics. I will ask Mr Moyes to give you a figure, which he has in front of him and I do not. It is a figure that we have gathered from other agencies—we do data sharing with other agencies—of 18- to 39-year-olds who, as far as our records can tell, have never been on the roll. You would have heard before the break in my answering some questions from Senator Wong that we have embarked on a quite targeted doorknocking exercise, which we started in mid-March and are still continuing. Some of the smaller states have nearly finished but, because of the activity we did for the New South Wales commission in the election, we started it late in New South Wales and it will go on for some time. That is a big state for us, of course. We have a

number of people between 18 and 39 who, thanks to data from other agencies, we believe we know where they live and we have included them on the doorknocking list.

Senator BOYCE—You can find them.

Mr Campbell—Whether or not they answer the door is one thing; when they answer the door, whether or not they fill in a form for us on the spot is another. Some do not answer the door, some answer the door and fill in the form, and a number take the card and say thank you. Some send it back; some do not send it back. Later in the year, probably early in the next financial year, we will be following up those we have left cards with who have not sent them back to us. That is by way of background of what we are doing, but I will hand over to Mr Moyes to give you some indication of the figures.

Mr Moyes—I am actually having it added up. Can we hold it for a moment?

Senator BOYCE—What is your follow-up with the recalcitrants, for want of a better word?

Mr Campbell—We will be sending them a very targeted letter which says, in brief: ‘In May’—or March or whenever—‘the Electoral Commission called and left a card for you for enrolment. We haven’t got that card yet. Please enrol.’ We will enclose another card because we had a change in cards on 16 April. We are also looking at a big thing along the bottom of the letter saying something along the lines of, ‘Penalties apply if you don’t enrol.’

Senator BOYCE—So there is a stick that you would wave if you had to?

Mr Campbell—We would wave the stick; we are not an agency that is punitive. We want people enrolled and we do not like the idea of people being fearful of enrolling, even if they have not been enrolled. We want people to enrol, but we are going to point out that penalties apply.

Mr Dacey—I might also add that within that cohort some of the statistics are showing us that some of those people do initially enrol, move address and do not subsequently update the roll. Some of them have not been recalcitrant from the start, and it is getting the message across that when you move you should change your address.

Senator BOYCE—My interest—and this is anecdotal—is in the number of people who are quite aware of their responsibilities but very strongly choose not to exercise them, primarily on the basis that they do not believe that their vote matters. Hopefully, the campaign that you are currently conducting might help to change their minds as well.

Mr Moyes—The number is just under 696,000.

Senator BOYCE—And that is the 18- to 39-year-olds?

Mr Moyes—It is the 18- to 35-year-old age group of people who, in doing our matching of other agency data against the electoral roll, are not on the roll.

Senator BOYCE—Am I to take from that, then, that the over-35s are a minor or non-existent problem in choosing not to enrol?

Mr Moyes—It is not as great a problem. We have found that the youth—the 18- to 25-year-old age group—is one age cohort where people are not as enrolled as the total.

Senator BOYCE—What percentage is that of eligible electors in that age group? Do you have a sense of that?

Mr Moyes—No, I do not have it in front of me.

Mr Campbell—Which age group are you talking about?

Senator BOYCE—The 18-to-35s. You are saying that 696,000 have not enrolled.

Mr Moyes—We do not actually have an 18- to 35-year-old age group; we have raw numbers.

Senator BOYCE—The 696,000 is right across, is it?

Mr Moyes—It is like a bell curve, if you like. It is up to the age of 35 and then it starts tapering away to the later age groups. It used to be that we only looked at the 18-to-25s, but the age group has shifted out a little bit further.

Senator BOYCE—Do you have any sense of whether the lack of education in our schools about our governmental system and our political system has affected that age group? Again, I know from experience that that age group particularly did not ever learn at school what our structures and our parliamentary and political systems are. Do you think this has affected their choices on enrolling?

Mr Campbell—I will ask Ms Urbanski to talk about a YES that we have been doing over recent years, but I will first mention the focus groups that Ms Urbanski mentioned earlier, which we did in line with the work for the public awareness campaign. What came through in those from the young people was not a lack of awareness but a lack of—

Senator BOYCE—Interest?

Mr Campbell—I am not sure you can always take exactly what people say in focus groups because they might actually say what they think should be said, but they were making these comments: (1)—and this is an interesting point—they did not know whether they were equipped enough, which may come back to your education point, and (2) they could not see how they could actually have an impact. I think the YES, which Ms Urbanski will talk about, also comes to that sort of conclusion. But it also talks about the influence of the parents as being a very strong factor, which we should not miss out on.

Ms Urbanski—I do not have any more detail on the YES with me. The reports are all on the website. We have used a lot of the information that the commissioner has already talked about in developing our various youth programs, so we were very aware that, with the targeting of our youth strategies, we needed to look at schools but we also needed to look at young people who leave school. That is why we were doing some extra work at activities like the Big Day Out and why this communication strategy that we are about to roll out on the 27th has a fairly strong focus in the youth market and the movers market—those areas are where you are going to pick up that younger age group. And in the campaign there is a fairly heavy focus on that end of things, like internet, outdoor and cinema, because we know that is where we will reach some of those people.

It is very hard to make any general comment about how the experience in schools might affect people. I know the Joint Standing Committee on Electoral Matters has done a review on

civics and electoral education. I do not believe the report is out yet, but I think they may reach some conclusions on that question from their inquiry.

Senator WONG—Can we go back to the issue we were discussing prior to the break, which was the state of the electoral roll. Mr Moyes, I think it was you who said that the roll, as at the 2004 election, was 13,021,000—can I just confirm that number?

Mr Moyes—That is correct.

Senator WONG—As I understand it, according to the AEC website and the JSCEM report, it was 13,098,461.

Mr Moyes—That was the close-of-rolls figure. The other figure would be the figure after polling day, because there were a number of people who were reinstated to the roll. They would have had declaration votes, their votes would have been admitted and so they would have been reinstated to the roll.

Mr Campbell—It would also have included those people who enrolled between the date of close-of-rolls and polling day, wouldn't it?

Mr Moyes—No, they would not be in those numbers.

Senator WONG—I have a question about the growth in the roll between 1998 and 2001. I am just going to put a figure to you and we will see if we can agree. Was it around 482,581 for 1998-2001? And for 2001-04, was the growth 461,830?

Mr Moyes—I have not added them up, but, yes, I—

Senator WONG—Turning to your evidence, Commissioner: currently, the 13,250,000 figure, which I think was your underlying net figure—and I appreciate the caveats that were given—

Mr Campbell—Yes, as at 17 May.

Senator WONG—That is about 150,000 up on the 2004 figure—is that right?

Mr Campbell—No, it is about 230,000 up.

Senator WONG—Right, depending on whether—

Mr Campbell—Depending on how the objection is run. We have a very positive impact on the roll and we are moving out our objections after the targeted strategy on 17 May. We know that quite a few people come on the roll because of our targeted strategy.

Mr Moyes—The figures I have been quoting in relation to the roll are from the close of rolls in 2004. They are less than the number of people entitled to vote at the election, which we have also published. They include the people who have been subsequently reinstated and also the removal of those who have died since the close of rolls. It is a net figure of the people entitled to vote at the election, not the number at the close of rolls. The numbers I have been quoting are from the close of rolls in 2004.

Senator WONG—The number at the close of rolls was 13,021,000.

Mr Moyes—Yes.

Senator WONG—What does the figure of 13,098,000 refer to?

Mr Moyes—That is the number after there is an adjustment for the people whose names were removed or had died since the close of rolls and those who were reinstated as eligible even though they were not on the roll at the time the rolls closed.

Senator WONG—Mr Moyes, I think I was asking you what the targets were in your enrolment campaign.

Mr Moyes—Yes. We are looking at a target of 13.4 million. We believe that will give us a comparable figure to that at close of rolls in 2004.

Senator WONG—Meaning a comparable figure including, I would assume, growth?

Mr Moyes—Yes.

Senator WONG—Have you projected the time frame, Commissioner?

Mr Campbell—In terms of the date we will get to 13.4 million?

Senator WONG—Yes.

Mr Campbell—No. In answering a question of Senator Boyce's a moment ago, I indicated that one of our strategies is letters going out to where we know people are. That will be at the end of June or beginning of July. I think the time frame we are talking about would be July or August.

Senator WONG—Can I turn now to the Enrol to Vote Week in schools. I think you have indicated in correspondence that 67 per cent of schools have registered to participate. Is that right?

Mr Campbell—It was 67 per cent some days ago, but it is now 71.5 per cent. That equates to 1,712 schools.

Senator WONG—Is the School and Community Visits Program presentation kit we were talking about before a teaching resource?

Mr Campbell—There are two kits.

Senator WONG—Yes—two kits. Were those kits intended to be used in Enrol to Vote Week?

Mr Campbell—It would not have hurt if they had been available, but next week's exercise is far more targeted and is about having young people fill in enrolment forms that go back to the AEC so that we can put them on the roll as either 17-year-olds or 18-year-olds. The real focus next week is to bring to the minds of students, schoolteachers and students' parents that 17-year-olds or 18-year-olds should be on the roll. It is a very concentrated one-week effort. The idea of the school kit is something that will flow over a longer period of time.

Mr Dacey—The teachers resource kit is more of an ongoing curriculum tool than a one-off activity.

Senator WONG—So you were not intending to use either of those kits for this week prior to their being delayed?

Mr Campbell—No. This is more around schools organising their own event to get young people enrolled.

Senator WONG—The 71.5 per cent figure is still less than—

Mr Campbell—One hundred per cent.

Senator WONG—That is well less than 100 per cent; it is less than three-quarters of schools. So what happens to the nearly 30 per cent of young Australians who go to schools where there is no visit? Are you hoping they will be picked up through the ad process?

Mr Campbell—Yes, and, as time and resources permit, our divisional returning officer will be contacting schools that are not in the 71 per cent.

Senator WONG—How many have they contacted?

Mr Campbell—Well, not before next week. We have had, I think, 96 schools come to us in the last week or so wanting to be part of Enrol to Vote Week, and on our website are the schools that are registered. After that, again, we will be contacting those schools. But I stress here, Senator—I do not want to sound mealy-mouthed about it—that I wrote to every secondary school principal in December, we got a significant number of registrations and we have followed up every other school. There comes a point at which I can do no more to get through a school's door.

Senator WONG—Sure.

Mr Pickering—Can I just add to Mr Campbell's answer. In addition to the initiatives that he has been speaking about, we have a birthday card initiative that is rolling out around Australia, where the Australian Electoral Commission will be sending birthday cards to all 17- and 18-year-olds. That information is being provided by the education system. We will be sending those cards out with an enrolment form, encouraging young people to enrol. It is those sorts of initiatives that we are trying to get to make up for the—

Senator WONG—Sorry, we are very short of time; please finish your answer, but I was planning to move off this topic. I appreciate what you are saying: there are a range of strategies and you cannot do any more than you are doing in terms of schools. That is what you are saying to me. You have written to them et cetera.

Mr Campbell—After the election, we will actually be re-emphasising and we will be embarking on a three-year program for schools.

Senator WONG—When do the birthday cards start?

Mr Pickering—The birthday card is already in production and being used in Victoria and in Western Australia, and it is in the process of being rolled out in the rest of Australia, state by state.

Senator WONG—Right. Will all that occur before the election?

Mr Campbell—Yes.

Mr Pickering—Yes, it will.

Senator WONG—But obviously kids who had their birthdays earlier in the year are not going to get a card.

Mr Pickering—That is right.

Senator WONG—So it will only be people post May or June, or later in the other states.

Mr Moyes—We will be writing to those who have already had a birthday and are not on the roll. They are taken up as part of our normal program.

Senator WONG—Can I go back to the roll number issue. How did you arrive at 13.4 million as your target?

Mr Moyes—What we did here was take the figure from the close of rolls of 2004 and age the population using information from the Bureau of Statistics; we take that forward. Each year we also undertake an audit of the roll, and that is what we have been using in our annual report up till now for the percentage of people on the roll. Using those two aspects of projection, we believe that 13.4 million is comparable to 2004.

Senator WONG—Okay. I think I previously took you through the growth in the roll between 1998 and 2001 and between 2001 and 2004, which was respectively 480,000 and 460,000. The growth your target anticipates is approximately 100,000 less than that, which is a very significant drop. What do you attribute that to?

Mr Moyes—If you look at the close of rolls figures between 2001 and 2004, the increase at that point was 384,000, which is the ballpark figure we are talking about now.

Senator WONG—I am sorry; I thought we had agreed these figures were in the 400,000s in the previous answer.

Mr Moyes—The figures that you have been quoting were, I believe, the number of people entitled to vote. In the interval we had a look at the figures for the close of rolls that we have been working with, and from 2001 to 2004 the increase was just over 384,000.

Senator WONG—So 380,000—and 1998-2001? This is a close of rolls comparison, is it?

Mr Moyes—That is from 2001 to 2004.

Senator WONG—Yes. I asked you about 1998-2001.

Mr Moyes—From 1998 to 2001 it was about 580,000.

Senator WONG—It was 580,000?

Mr Moyes—Yes, and from 1996 to 1998 it was about 400,000.

Senator WONG—Okay. You are assuming 380, 000 from 2004 to 2007?

Mr Moyes—We are assuming about 380, 000.

Mr Campbell—It is an assumption—not a target—that when we get to 13,380, 000 we put down pens and put our feet up. If there are more out there, we will pursue them. We have tried to use the basis of population movements, et cetera.

Senator WONG—Is there anything you can provide me with which explains in greater detail how you came up with that target?

Mr Campbell—We can do that.

Mr Moyes—We can take that on notice.

Senator FAULKNER—We will receive the usual update in compliance from Mr Bodel.

Mr Bodel—I will start off with the matters that have been grabbing media attention in the last couple of days. First of all, I can confirm that the AEC has referred a disclosure matter in relation to Willmac Enterprises to the Australian Federal Police.

Senator FAULKNER—We will stop there so we can get the timelines. Has the AEC disclosed it to the police?

Mr Bodel—Yes, it has.

Senator FAULKNER—To the AFP?

Mr Bodel—Yes, to the AFP.

Senator FAULKNER—When?

Mr Bodel—In the last couple of days.

Senator FAULKNER—Can you be more specific than that?

Mr Bodel—It was on Tuesday.

Senator FAULKNER—Was it on Tuesday this week?

Mr Bodel—It certainly was.

Senator FAULKNER—Are we aware of why that referral became public in the newspaper?

Mr Bodel—I have not examined it properly yet, but I am assuming that it was an educated guess.

Mr Campbell—I think Mr Bodel is referring to a conversation he had earlier this week with the journalist from the *Age*. The journalist from the *Age* was asking about this particular matter, but was using a phrase other than ‘Willmac’. Mr Bodel said something along the lines of: ‘We don’t talk about those sorts of things. You should know that.’ I think there was then an exchange which was something like, ‘You have got Senate estimates coming up, and our assumption is that the article in the paper today is an educated guess.’ I am not even sure that the ‘educated’ was there, but it was a guess. All my staff assure me that nobody has said to anybody in the media that we have referred the matter of Willmac to the Federal Police.

Senator FAULKNER—On this occasion, if it is a guess from the journalist, it seems like it is an accurate guess, does it not?

Mr Campbell—Yes. I think the article actually says, ‘It is expected that we will announce today that we are referring’. We do not normally announce these things, but we knew that it would come out into the public arena today because we would be asked the usual questions about the matter in funding and disclosure.

Senator FAULKNER—That was referred to the AFP on Tuesday. For the record and for the benefit of the committee, are you able to be more precise about what has been referred in what you have described as the ‘Willmac matter’? In other words: give us as much information as you can, Mr Bodel. Now that the matter is before the police, you would be aware, Mr Campbell would be aware and I think the parliamentary secretary would be aware that the opposition respects certain conventions that are never respected by government and have never historically been respected by coalition senators.

CHAIR—Yes.

Senator FAULKNER—I am making the point that police operational matters have never been off limits for coalition senators. The opposition is consistent about these things. I am asking Mr Bodel—

CHAIR—I would be interested to hear what Mr Bodel has to say.

Senator FAULKNER—what information he has about the matters that have been referred, if he is able to.

Mr Bodel—I can say that it does not relate to the information contained in the third party disclosure by Willmac Enterprises. As we have previously found, that third party disclosure of electoral expenditure is correct. That is probably as far as I could go. I can give you some advice that we pursued a line of inquiry and reached a point where we believed it would be better handled by the AFP, and at that point we referred the matter on, having collected a degree of evidence.

Senator BOB BROWN—Willmac Enterprises paid for a series of advertisements with a total value of, I think, \$371,000 in the last election campaign. Those advertisements were to support the re-election of the Prime Minister, John Howard, and they appeared in three newspapers in Sydney—

Senator FAULKNER—Could I take a point of order here, Chair. I do not want to block Senator Brown's questioning, but could I respectfully suggest—if you are comfortable with this, Senator Brown; if not, go ahead—that the thing to do here is to get the broad picture of the issues that are current. This is what we normally do in terms of the compliance branch, and then I am certainly happy to cede the call to you to come back on the specifics of the issues. Normally we just get the picture of the actual—

Senator BOB BROWN—I am happy to do that.

Senator FAULKNER—If you are uncomfortable with that, then go into them individually, but it seems more sensible to get the picture of what issues the compliance branch is dealing with. We have established this procedure and I think it has worked pretty well for the committee. If you are happy, I think we should just stick with it. That does not stop you from asking any questions that you want to ask at any stage.

CHAIR—I think the more quickly we move through this section the less likely senators are to intervene on the issues in which they have a particular interest. I think it is a good way to proceed, to go through Mr Bodel's summary and then colleagues can go into greater detail.

Senator FAULKNER—If we could just get a summary and then, if you need to, you can come back on specific issues.

Senator FIERRAVANTI-WELLS—In terms of that summary, perhaps you could address this: when did the AEC last write to Willmac and what was the reply from Willmac? I just want you to conclude that.

Senator FAULKNER—The point—

Senator FIERRAVANTI-WELLS—I know that, Senator Faulkner. If we are going to follow your suggested procedure, then you should not interrupt Mr Bodel. You should let him

give his report. Let us hear what he has to say and then you can ask questions, Senator Brown can ask questions and I can ask questions.

Senator FAULKNER—Because of your inexperience, I will not be critical of you lacking an understanding—

Senator FIERRAVANTI-WELLS—Oh, thank you, Senator Faulkner. If Mr Bodel is going to give his—

CHAIR—There is no necessity for that sort of exchange, thank you.

Senator FAULKNER—What we try to do is get the picture across these issues, and then go back and you and—

Senator FIERRAVANTI-WELLS—Well, let us hear what Mr Bodel has to say without your interruption, Senator Faulkner—

Senator FAULKNER—Please, stop screeching.

Senator FIERRAVANTI-WELLS—and then I will not interrupt either.

Senator FAULKNER—Stop screeching.

Senator FIERRAVANTI-WELLS—I am not screeching, Senator Faulkner.

CHAIR—I think we are all agreed that we should hear from Mr Bodel quickly and then—

Senator FAULKNER—I think I will have to stop helping here.

Senator FIERRAVANTI-WELLS—Well, thank you Senator Faulkner. With help like yours, who needs interference!

CHAIR—Mr Bodel, could you continue, please.

Mr Bodel—Yes.

Senator FAULKNER—You have to develop a sense of humour, Senator.

Senator FIERRAVANTI-WELLS—Like yours?

Senator FAULKNER—A bit like mine. I have a good sense of humour.

CHAIR—Mr Bodel has the call.

Senator FAULKNER—I must have, putting up with what I put up with.

Mr Bodel—The second matter that has been raised in the last couple of days in media articles is the SALUS fund in South Australia. The SALUS fund is a social club and policy fund for the unity faction in the South Australian Labor Party. There is a question about whether that fund has a disclosure obligation and, if it does have a disclosure obligation, whether that is reported through the South Australian Labor Party or whether SALUS meets the test for being an associated entity. I can say that at this stage we have reached the conclusion that SALUS is not a part of the South Australian Labor Party—it is not reported through the South Australian Labor Party—so we are going to examine whether or not it is an associated entity.

Senator FAULKNER—It is an internal decision of the AFP. It has been picked up, as usual, by the media.

Mr Bodel—That is correct.

Senator FAULKNER—Thank you.

Mr Bodel—The third matter that has been in the media lately, in the last couple of days, is the Victorian ALP fundraising matter, where there have been a number of allegations about receipts being issued in excess of the actual cost of services provided at fundraisers. We will be examining this matter to determine specifically whether, in the case of ALP Victoria's returns, the matter has any impact on the total receipts of the returns, the total expenditure, whether there were any missed detailed receipts and whether any donor obligations exist in relation to that particular allegation.

The fourth matter that has been discussed in the last couple of days is Russell Galt. He was mentioned in a media article yesterday. We are doing a special matter on whether Russell Galt's legal fees have been correctly disclosed. It was rehashed in a media article yesterday about the other person involved in the case—

Senator FAULKNER—Wasn't this in one of the two extant investigations that you have reported on previously?

Mr Campbell—That is right. That is one of them.

Mr Bodel—Yes. It is not a new one.

Senator FAULKNER—You describe this one as a rehash. I understand what you mean.

Mr Campbell—No; it has been rehashed in the media.

Senator FAULKNER—But it does not mean any new activity on the part of the AEC.

Mr Bodel—No. Well, to be more precise, we have been undertaking activity in this area but it has not been reported in the media.

Senator FAULKNER—But this is one of two ongoing investigations you reported to us at the previous estimates round in relation to compliance investigations.

Mr Bodel—Yes. That is correct. That matter is still progressing; it is not yet complete. Another matter we have ongoing is Friends of Indi, which was raised at the last Senate estimates. We have determined that Friends of Indi is an associated entity of the Liberal Party of Victoria. I had some concerns that it might not have been an associated entity, despite the fact that it submitted associated entity returns. Basically what has happened is that we have received advice from the Friends of Indi that their rules of association are 'to assist, promote and advance Sophie Mirabella, the Federal member for Indi, in her electorate policy activities'. That is the purpose of the Friends of Indi. Liberal Party Victoria rules state that any financial assistance that goes to an MP or a candidate is deemed to be party funds. So that is how we draw the link that this is an associated entity of the Liberal Party of Victoria.

Senator FAULKNER—So this one is ongoing.

Mr Bodel—This one is still ongoing.

Senator FAULKNER—Is that the sum total of it?

Mr Bodel—I can give you some answers in relation to the questions that were asked about addresses at the last hearing.

Senator FAULKNER—Addresses in relation to the electorate offices?

Mr Bodel—Do you mean any more ongoing matters?

Senator FAULKNER—No—

Mr Bodel—Did you mean have I finished this one?

Senator FAULKNER—I am not sure what I meant. I think I meant is this matter ongoing, but I have would asked you subsequently whether there were any other matters.

Mr Bodel—Okay. Shall I go on with the addresses at this stage?

Senator FAULKNER—Yes, please.

Mr Bodel—The Friends of Indi have advised us that they have always been located in Sydney and that the address 117 Murphy Street, Wangaratta, Victoria has never been an address for the Friends of Indi. British American Tobacco have written to provide us with advice about why they included that particular address in their annual return. They have advised that a review of their records has found an invitation to a Friends of Indi luncheon hosted by Miss Sophie Panopoulos in April 2006 in Sydney. As a consequence of the fact that Sophie Mirabella hosted the function, they included in their return that they provided the funds to Sophie Mirabella. They did not actually provide the funds to that address; they made a mistake in their return about where they had provided the funds to.

Senator FAULKNER—So is the Friends of Indi compliance issue still an ongoing inquiry?

Mr Bodel—It is an ongoing inquiry. At this stage we are attempting to determine whether the Friends of Indi have completed their disclosure obligations and whether any further disclosure obligations are revealed as a result of the Friends of Indi's disclosure obligations. So we are checking their books, basically.

Senator FAULKNER—Are there any other ongoing inquiries that would cover all bases?

Mr Bodel—The Wielangta Fighting Fund is an ongoing inquiry. This is a fund established to raise funds for a court case in an attempt to prevent logging of the Wielangta Forest in Tasmania. It is a fund associated with Senator Bob Brown. We were asked by Senator Abetz whether that fund was an associated entity of the Greens, and we have not concluded that inquiry at this stage.

Senator FAULKNER—That is it?

Mr Bodel—That is it

Senator FAULKNER—It is not too difficult. Just before I accede the call to my colleagues who want to go to some specifics of this—and I may well do so myself at a later stage—can you just for the fullness of the record indicate whether any inquiries have been completed since the last round of Senate estimates?

Mr Bodel—No.

Senator BOB BROWN—I might begin with today's story in the *Age* and the *Sydney Morning Herald* by Michael Bachelard, which alerts readers to the fact that the Australian Federal Police have been brought to an investigation by the Australian Electoral Commission.

Can you tell the committee what the nature of that investigation is or what the grounds for that investigation are?

Mr Bodel—I cannot go too much into the grounds to the investigation—I do not want to risk the investigation. All I can say, as I said previously, is that it does not relate to the expenditure return lodged by Willmac Enterprises following the last federal election, so it is matters other than that.

Senator BOB BROWN—The newspaper article said:

An Exclusive Brethren spokesman, Tony McCorkell, said: “The church organisation is not a stakeholder in the entity Willmac, so I cannot see why it would be involved (in an investigation). There is clear evidence to demonstrate that Willmac made money from legitimate business earnings. With a federal election around the corner, the timing of this development could only be described as curious and rather astounding.”

I mentioned earlier that Willmac put some \$370,000 into a quite diverse and widespread election campaign in favour of Mr Howard and the government in 2004 in New South Wales, South Australia and Tasmania. I ask you whether you have been able to establish what the source of that money was that Willmac expended on those advertisements.

Mr Bodel—That is part of an ongoing investigation; we are not going to comment on that.

Senator BOB BROWN—Can you tell me when Willmac was established and then disestablished?

Mr Bodel—I believe it was established just before the 2004 federal election and it was de-established in the middle of 2006.

Senator BOB BROWN—It was established about a week before the 2004 election—is that right?

Mr Bodel—About that time, yes.

Senator BOB BROWN—Cheque No. 1 for Willmac was made out in favour of Cumberland Newspaper Group in Sydney for advertising in three newspapers in Parramatta, Blacktown and the northern suburbs—and I think that means the north-west suburbs—of Sydney to the total sum of \$12,358.36. Is that right?

Mr Bodel—That is right.

Senator BOB BROWN—However, the advertisements were in fact placed under the authority of and by Mr Stephen Hales.

Mr Bodel—I believe he authorised them, yes.

Senator BOB BROWN—According to a statement in your possession, he says in a letter to a newspaper group with attention to Jeff Bevans of the *Northern District Times*, on letterhead of the MET school, an Exclusive Brethren school of 32 See Street, Meadowbank—and that turned out to be the authorising address for two of the advertisements: the advertisements in Bennelong and Parramatta, which are headlined, ‘Keep Howard Prime Minister’—that Stephen Hales is a director of the MET school and is duly authorised to place advertisements in newspapers in the Cumberland Newspaper Group. That is signed by two

directors of the school: John K Anderson and Stephen C Hales. So, on the face of it, he is placing the advertisements on behalf of and as a director of the MET school.

Mr Bodel—I do not know that I can particularly comment on his motivations or the motivations of the MET school. I do know that he authorised those advertisements.

Senator BOB BROWN—As a director of the MET school.

Mr Dacey—I think the point is that anyone authorising advertisements does not have to authorise them having a particular title. That person as a person authorised those advertisements or that advertisement.

Senator BOB BROWN—That is correct. That is the general thing. But I am talking about the specific here.

Senator FAULKNER—It will not have an address.

Mr Dacey—Name and daytime contact address.

Senator FAULKNER—That is the other critical element. It is not just a name.

Senator BOB BROWN—The advertisement agreement—advertising agreement No. 338689—with the Cumberland Newspaper Group in Macquarie Street, Parramatta, for the three advertisements states the client to be MET school of 32 See Street and then the person authorising it as Stephen Hales. So clearly Cumberland Newspaper saw the authorisation as coming from Stephen Hales and the client being the MET school.

Mr Dacey—That is a matter entirely between the person authorising the advertisement and the newspaper to satisfy the provisions of the Commonwealth Electoral Act which, as Senator Faulkner rightly corrected me, is that we need the name and address of the authoriser. So we are satisfied once that has been complied with.

Senator BOB BROWN—I point out for the information of the committee that Stephen C Hales is the brother of Bruce Hales, who is the Elect Vessel, the head, of the Exclusive Brethren sect and the claimed spiritual descendant of St Paul. I am interested to ask you, in light of the fact that Stephen C Hales used the address of the MET school and its letterhead in authorising the advertisement, and his position as director—this is an Exclusive Brethren school which receives funding from the federal government—how your investigations have gone into the crossover. It turned out that the cost of the advertisements actually went to Willmac Enterprises and Mr Mackenzie, who was the director of Willmac Enterprises. Have you been able to establish how it was that Mr Hales, director of MET school, and in allowing MET school to be seen as the client, had the advertisement paid for by another party?

Mr Bodel—There is absolutely no breach of the Electoral Act revealed by that arrangement. It is perfectly permissible for the person who authorises an advertisement not to be the person who pays for the advertisement.

Senator BOB BROWN—Okay. Then we get to Willmac Enterprises and the placing of these advertisements. Two advertisements, authorised by Mr Hales and giving the MET school as the contact address, appeared in the *Parramatta Advertiser* on Wednesday, 6 October—I think that was three days before the election—and a similar advertisement appeared in the *Northern District Times*, which covers the electorate of Bennelong. These say,

variously, 'Keep Bennelong and Parramatta in safe hands' and 'Keep Howard Prime Minister'. There is a list of what Mr Howard promises and a statement that he delivers on his promises—surprisingly enough—and then, in the case of Parramatta, it says that John Howard and Ross Cameron have a proven track record et cetera. In the case of Bennelong it says: 'Labor in Bennelong has no experience. The Greens in Bennelong have no experience. Who is the liar in Bennelong?'—implying of course that Labor and the Greens are liars—and then it says, 'We are happy, John,' at the bottom. Those are the advertisements. There was a third advertisement placed in the Blacktown newspaper—on this occasion authorised by M Wiggins of 11 Carnegie Place, Blacktown—with a similar gist to it, but this time the seat of Greenway was the target. Willmac Enterprises was set up a week before the election—that is the case, isn't it?

Mr Bodel—To my understanding, yes.

Senator BOB BROWN—And then closed down some months later, after the election. The first cheque from Willmac Enterprises was to pay for these three newspapers advertisements against Labor and the Greens and in favour of the Prime Minister. This entity, which was set up suddenly, spent a total of \$370,000 in three states, and the Exclusive Brethren spokesman, Tony McCorkell, says, 'There is clear evidence to demonstrate that Willmac made money from legitimate business earnings.' What is that clear evidence, as far as you know?

Mr Bodel—That is not something we could comment on.

Senator BOB BROWN—Do you have any such evidence?

Mr Bodel—That is not something we could comment on.

Senator BOB BROWN—Why not?

Mr Bodel—Because it is a matter for investigation by the Australian Federal Police.

Senator BOB BROWN—Certainly it earned a lot of money very quickly through its business enterprises, if Mr McCorkell is to be believed. In fact, in that week up to the election it earned \$370,000. I draw your attention to the case in New Zealand where it has been established that some 50 Exclusive Brethren entities put \$1 million together in the run to the election over there in advertising against Labour and the Greens and in favour of the Nationals. That is a matter which has since seen the downfall of the Leader of the Opposition over there. Do you have any evidence that Exclusive Brethren entities put money together, through Willmac as a front enterprise to hide their identity, as an Exclusive Brethren coordinated effort to enter the election campaign to influence voters against Labor and the Greens and in favour of John Howard, not as a business enterprise but as donors who were trying to cover up a quite extraordinary but well-coordinated campaign to mislead electors on their way to the ballot box in 2004?

Mr Campbell—I think Mr Bodel has answered all he can. The point that he made right at the beginning of mentioning special matters is that matters surrounding the return from Willmac have been referred to the Federal Police. I do not think the commission can go beyond that. It is now a matter that is in the hands of the Federal Police, and I want to leave it there.

Senator FAULKNER—Do you make that decision, Commissioner? Are you the final authority in terms of a referral to the Federal Police?

Mr Campbell—I was, yes.

Senator FAULKNER—Obviously you had advice from the compliance area of the Electoral Commission, which we would appreciate. Did you seek additional legal advice?

Mr Campbell—From our in-house legal section?

Senator FAULKNER—Yes.

Mr Campbell—I did, yes.

Senator FAULKNER—You did not engage any consultant outside but you did seek in-house legal advice?

Mr Campbell—I did, yes.

Senator FAULKNER—Before the referral?

Mr Campbell—Yes, before the referral. Indeed, it was the legal area together with the compliance area that organised the referral.

Senator BOB BROWN—This was in 2004, so we are nearly three years down the line from Willmac Enterprises setting up and injecting itself into the election campaign—and being able to do so, I might say, within days of setting up. It was able to produce literature, advertisements and pamphlets in three states and have them into the press by the Wednesday before the election. On the face of it, doesn't that seem to be an impossibility in terms of the process that needs to be organised?

Mr Campbell—That is not something that we would express a view on one way or the other. We have very clear responsibilities in terms of funding disclosure under the Commonwealth Electoral Act. We undertake those in accordance with the returns or non-returns that come in from individuals, organisations and parties et cetera. In this case here, we have undertaken an inquiry and we determined at a point in that inquiry that it should then be referred to the Federal Police. That is all I can say, really.

Senator BOB BROWN—But I am interested to know why it has taken nearly three years for this reference to the Federal Police. As you know, I have called for—

Mr Campbell—Yes, Senator, I do know that. The wheels of process, when you do not have all of the information in front of you and you have to seek it from other parties, sometimes take time. While we would all like things to happen immediately, unfortunately, the way of the world is that, when you are seeking information from other parties to do with the receipt of moneys and payment of bills et cetera, it takes time.

Senator BOB BROWN—One of the reasons I ask that is that, if there has been a breach or an illegal activity from the Exclusive Brethren at the last election campaign, we are within months of the next and Mr McCorkell said last month that, whilst there were no formal plans to campaign for Mr Howard in Bennelong at the next federal election, 'no-one is ruling it out'. It is important that swift action be taken to prevent a recurrence of the sort of organised and very big spending Exclusive Brethren campaigning that we saw at the last election. It was never revealed during that election campaign to be a coordinated Exclusive Brethren exercise.

I wonder if you could tell me what information has come to your notice since the last committee inquiry into this matter that has now brought about your decision to involve the Federal Police.

Mr Campbell—I have two comments. Firstly, that is the same question and I am giving the same answer—no, I will not. Secondly, can I restate that what has been referred to the Federal Police is the matter of Willmac. We have referred the Willmac issue.

Senator BOB BROWN—Willmac is a company with a director who is an elder of the Exclusive Brethren church—Mr Mackenzie, a very highly placed and influential man—who authorised advertisements in New South Wales and Tasmania and apparently organised them in South Australia within three days of setting up his company.

Mr Campbell—I understand the point that you are making. As Mr Dacey has pointed out, authorisation and funding are two different things. I am putting this quite clearly on the record because you keep on putting two names of organisations. We have referred the matter of Willmac to the Federal Police.

Senator BOB BROWN—Have you been able to establish if M Wiggins, who authorised the advertisement in Blacktown, does in fact live at 11 Carnegie Place, Blacktown?

Mr Bodel—Authorisations are not really my area but, as I understand, the person who authorises does not live there; it just needs to be an address at which they can be contacted during the day.

Senator BOB BROWN—Have you been able to establish that M Wiggins was contactable at 11 Carnegie Place, Blacktown during the day?

Mr Dacey—I do not know the answer to that, whether or not someone had tried to contact him there. Provided someone authorising an advertisement gives us an address where they can be contacted during business hours as such, that satisfies the requirements of the Commonwealth Electoral Act. Quite often those addresses will be places of business rather than private addresses.

Senator BOB BROWN—It satisfies the requirements of the Commonwealth Electoral Act even if the person cannot be contacted at that address?

Mr Dacey—When people authorise advertisements, we do not have a practice of routinely trying to contact those people at that address.

Senator BOB BROWN—But this is not a routine inquiry into every advertisement in Australia. This is specifically three advertisements given to you. I am asking if you inquired as to whether M Wiggins was available during business hours at 11 Carnegie Place, Blacktown.

Mr Bodel—The authorisation of these advertisements was not part of our original inquiry and is not part of the inquiry that we have subsequently been undertaking; it has not been a matter of dispute.

Senator BOB BROWN—Would you make it part of your inquiry?

Mr Bodel—We are not conducting the inquiry anymore. It has been referred to the Australian Federal Police.

Senator BOB BROWN—I brought it to your attention, however, quite a long time ago. Let me ask you this: Willmac Enterprises, Mr Mackenzie, for the purposes of their submission to you, gave the contact address as 11 Baden Powell Place, North Rocks, New South Wales—that is, north-west of Parramatta. My inquiries during the election campaign found that was an empty house; people who knocked on the door got no response. It is a premises owned by the Exclusive Brethren but there was nobody resident there or contactable there during the day. I brought that to your attention. Are you able to dispute that?

Mr Dacey—No. I can only repeat what Mr Campbell and Mr Bodel have said, that the matter is now in the hands of the police. We cannot comment further on those issues.

Senator BOB BROWN—Did you make inquiries about the validity of this address for Willmac Enterprises at North Rocks, New South Wales?

Mr Bodel—I am trying to find one of the letters but I am pretty sure we sent a letter to that address and we got a response from Stephen Hales. I cannot confirm that at the moment—I am trying to dig one out.

Mr Campbell—We could take that on notice for you.

Senator BOB BROWN—Could you furnish that response to the committee?

Mr Campbell—We will take that on notice.

Senator BOB BROWN—Maybe that response is part of the information you have given to me under freedom of information.

Mr Bodel—That is where I am looking, yes.

Senator BOB BROWN—It says in your answer to a previous question I asked Mr Bodel that, when it comes to Willmac Enterprises spending \$370,461, the total amount spent on seven electoral advertisements and pamphlets was \$92,350.35. Five of the seven items were electoral advertisements. The amount spent on these items was \$57,000. The expenditure disclosed by Willmac Enterprises on advertising was \$190,000. On what was the missing \$133,000 spent?

Mr Bodel—I could not tell you precisely but we know there were a series of other advertisements involved.

Senator BOB BROWN—Can you give the committee that information?

Mr Bodel—I do not think that would jeopardise the AFP inquiry.

Mr Campbell—I would like to take that on notice to make sure we are not compromising the AFP referral.

Senator BOB BROWN—In response to a question at the last committee meeting, Mr Bodel said:

The remaining two of the seven items were pamphlets. The amount spent on these items was \$34,914. The expenditure disclosed by Willmac Enterprises on campaign material requiring authorisation, which includes pamphlets, was \$59,600.

Can you tell me where the missing or unaccounted for \$25,000 was spent?

Mr Campbell—Again, I will take that on notice in line with my previous response.

Senator BOB BROWN—Mr Bodel said that the balance of expenditure disclosed by Willmac Enterprises, \$120,667, was spent on direct mailing. Where was it spent on direct mailing and what was directly mailed?

Mr Campbell—Again, we will take that on notice.

Senator BOB BROWN—Did that include direct mailing in Tasmania?

Mr Campbell—We will take that on notice.

Senator BOB BROWN—You do not know?

Mr Campbell—We will take that on notice. On all of this now, I am concerned to make sure that there is no compromise of the referral we have given to the AFP. I think the questions should sit on the record, and I will take them on notice and come back to the committee.

Senator BOB BROWN—I just want to note that I brought this matter up at the last committee inquiry—you will remember that—and the reference to the Federal Police was, you now tell us, two days before this inquiry. The fact that that reference occurred two days ago is of course making it difficult for you to answer questions at this inquiry here on Thursday.

Mr Campbell—While the referral went earlier this week, I had known for some little time that it was going forward. So if this hearing had been last week or the week before, you would have got very similar answers to what you are getting today.

Senator BOB BROWN—All right. Thank you.

Mr Campbell—Once I knew it was going to the AFP, obviously what I would be saying to you here today would be very careful in terms of not compromising the investigation.

Senator FAULKNER—Let us be absolutely clear about this—and I would be totally confident it was the case, but I think you should confirm it: the timing of the referral to the Australian Federal Police I assume has nothing to do with the fact that this Senate estimates committee is meeting today. I have total confidence that was the case, but you should confirm it.

Mr Campbell—That is the point I was trying to make, Senator. It has been probably about three weeks in the making that this was going to go to the Federal Police, and that time was in getting the documentation in a manner for them.

Senator BOB BROWN—The three weeks in the making—

Mr Campbell—Thereabouts.

Senator BOB BROWN—That is the decision to refer it to the Federal Police?

Mr Campbell—No. That decision was taken by me very early on in this process of the last two or three weeks.

Senator BOB BROWN—When did you make that decision?

Mr Campbell—I suspect it was around 8 or 9 May.

Senator FAULKNER—Again, I think it would be useful, Commissioner, if you explained to the committee why the delay in the formal referral from that period when you decided to do it till Tuesday of this week.

Mr Campbell—The reason for the date was that I was overseas and I returned on Tuesday, which I think was 8 May. I had been getting an exchange of information while I was overseas. So I came into my own mind that it was going to go to the Federal Police. The reason it then took a little bit of time was that while we were pulling the documentation together we found that there was an issue that made us go back and rework some of the preparation of the brief. I do not want to say too much there because that might get to what, in effect, has now been referred. But in pulling together that brief, there was something that we saw that made us think we could not do it that way, and we had to redo it.

Senator FAULKNER—I do not have a problem with the delay as long as it would not mean that the Australian Federal Police's inquiries or investigation would be comprised in any way. You would have to be confident of that in any delay, I assume.

Mr Campbell—I think if we had not had that delay from when I got back from overseas until earlier this week, the Federal Police would have then had to have come back to us because the documentation they got would not have, if you like, squared—when they looked at it they would have had questions about it.

Senator FAULKNER—You can say categorically to the committee that there is no compromise, as far as you are concerned, to any investigation by the time lapse—I am not even going to use the word 'delay' because it may not be a delay. Time lapse is a better way of describing it.

Mr Campbell—The documentation that will be used by the Federal Police and that we have been using cannot be compromised in any way by the fact that this took 10 days longer than I would have liked.

Senator Watson interjecting—

Mr Campbell—Information that we have gathered in time as a result of the return lodged by Willmac. Before you came in, Senator Brown was asking a lot of questions. I have indicated that we will not, as is normal with these sorts of cases, make a public statement about the basis of the referral to the Federal Police.

Senator WATSON—Are you satisfied with their evidence on that?

Senator BOB BROWN—I want to ask about the description of seven items that you furnished with me under attachment A.

CHAIR—Sorry, Senator Brown, Senator Watson wants to follow-up on a point.

Senator WATSON—Are you satisfied there is a case to be made? It is not just a witch-hunt?

Mr Campbell—No, I was satisfied on the basis of the information that was in the hands of officers of the AEC that this was a matter that should more appropriately be handled by the Federal Police than by us.

Senator FAULKNER—Surely, Commissioner, you would not refer a matter to the Federal Police. I would be very worried if you referred a matter to the Federal Police and you did not think it was appropriate or substantive enough.

Mr Campbell—I think that goes without saying, yes.

Senator FAULKNER—I would hope that that would be your answer. In relation to the issue, beyond the comments that have been made which is effectively in a public forum, is the commission going to make a public statement about this referral outside the Senate estimates committee?

Mr Campbell—No, Senator

Senator WATSON—Other people would probably make that statement.

Mr Campbell—I am sorry, Senator.

Senator WATSON—I want to be careful that the Electoral Commission and the AFP are not caught up in a witch-hunt which is being conducted.

Senator FAULKNER—That is a matter for them. How do we know what they are caught up with?

Senator WATSON—We do not know, that is the problem.

Senator FAULKNER—That is the whole point why the opposition has consistently never asked questions about operational matters before the AFP, something that your party has never worried about.

CHAIR—Mr Campbell, do you want to respond to Senator Watson?

Senator WATSON—I want to make sure that you have not been pressured into taking action.

Mr Campbell—I could not speak for the Federal Police. They will speak for themselves. What I would say is in the terms of public or political commentary that has been made to us—which I think is what the question is getting to—Senator Brown has had one or two meetings with Mr Dacey going back 12 to 18 months ago, but I think that everything that Senator Brown has said in those meetings, he has said publicly in the Senate estimates hearings. All of the political or, if you like, that sort of comment that has been made to us, I think, is on the public record.

Senator FAULKNER—Senator Brown can have whatever meetings he likes. I have had discussions with you, not many but at least one that I recall, about a matter that was totally appropriate but not a matter of public discussion. If you are asked questions about it no doubt you will respond as you see fit. I will not talk about it because it was a private conversation but you might be asked about your conversation with me and you might care to say. It is up to you, Mr Campbell.

Mr Campbell—The point I was making—and I did not do it very well—was that the points that Senator Brown made in those meetings have not been any different to the points that he has made in the Senate estimates hearings of recent times.

Senator BOB BROWN—Just before I leave the matter of the placing of the advertisements by Willmac Enterprises with the Cumberland Newspaper Group, the advertising agreement says under the total value of the booking being \$12,358.36 that a representative is to pick up the cheque on Friday that is at the MET school at 32 See Street, so a representative was going to that school to pick up the cheque. It turns out that the cheque was paid for by Willmac Enterprises. On the face of it, there was a very direct connection between the placers of the ad at the Exclusive Brethren school and the payment for the ad which must have been furnished by Willmac Enterprises to the school premises to be able to be picked up by the representative. I am sure you have taken that into account in investigating the matter.

Mr Campbell—I think I need to make the point again that Mr Dacey and Mr Bodel have made: the responsibilities and the powers that we have in the Commonwealth Electoral Act are quite specific in all of this and they do not go to the sorts of issues that you are raising—in other words, they do not go to the issue about where a cheque might be picked up.

Senator BOB BROWN—No, but I think they do go out to proper compliance with the Electoral Act in terms of the matter that you and I are talking about now because it has become part of a police inquiry—that is, how Willmac Enterprises funded these advertisements placed by an Exclusive Brethren school with a newspaper. I am just pointing out that the school has been the centre point for the connection between the placers of the ad and the funders of the ad. The money went to the school. It was picked up there, and the advertisements were authorised from the school with the newspapers.

I draw your attention to attachment A of the letter which you sent to me headlined ‘Advice on the outcome of the inquiry into the electoral expenditure disclosure obligation by the Exclusive Brethren’ in which you, amongst other things, say that the inquiry had been completed. You sent that letter to me on 27 December last year. The items that are the subject of the alleged disclosure obligations include a pamphlet entitled ‘Keep Howard In Bennelong’ distributed in Bennelong for the 2004 election and authorised by Stephen Hales, again, at the Exclusive Brethren MET school, 32 See Street, Meadowbank. That advertisement was disclosed by Willmac Enterprises as the entity which paid for it.

Mr Bodel—As you are aware, the entity that discloses expenditure does not disclose specific advertisements in its disclosure, but that particular advertisement was part of the Willmac Enterprises third party expenditure return. The funds expended on that particular advertisement were included in that return.

Senator BOB BROWN—So when it says, ‘third party disclosure by Willmac Enterprises’, you mean they disclosed that they funded it?

Mr Bodel—That is correct; that is what third party disclosure of electoral expenditure means.

Senator BOB BROWN—There is a second pamphlet entitled ‘The Green Delusion’ distributed in Tasmania for the 2004 election. This time it was authorised by M William Mackenzie, who we know is the director of Willmac Enterprises that set up a week before the election, but giving the address as Baden Powell Place, again, North Rocks, New South Wales. I cannot see how on earth that pamphlet, which was distributed before the organisation

Willmac set up which was under distribution in Tasmania, could have been formulated and distributed in fact by Willmac Enterprises. But, nevertheless, Willmac Enterprises then makes the third party disclosure that it paid for that—

Mr Bodel—Willmac Enterprises paid for that pamphlet.

Senator BOB BROWN—Okay, but somebody else, obviously, devised it, and I would say that that is the Exclusive Brethren.

Mr Bodel—That is not a matter that it is contained in a disclosure obligation, so we cannot say.

Senator BOB BROWN—Is that so?

Mr Dacey—It is not a matter that is required to be disclosed in terms of authorisation of the advertisement. The Electoral Act is quite clear that the advertisement needs to have the name and address of the person authorising it, not necessarily the organisation or the organisation that those persons belong to.

Senator BOB BROWN—That is right. My concern, of course—and you will understand this—is that the Exclusive Brethren was involved in a highly orchestrated election campaign but did not reveal that to the electors. The third matter you reveal in your letter to me is an advertisement entitled, ‘Keep Australia in safe hands.’ This appeared in the *Adelaide Advertiser* on 8 October 2004. It was authorised by B Hornsey, the SAET school—that is an Exclusive Brethren school—at 137 Davis Road, St Marys, South Australia. You say here: ‘sic Dawes Road’. In fact, it was written down in the disclosure as Dawes Road but it was not; it was Davis Road—that is correct, isn’t it?

Mr Bodel—I believe that was Davis Road, yes. I think that is notified in the letter to you.

Senator BOB BROWN—Is it a breach of the Electoral Act to give a false address?

Mr Bodel—That is not something that we considered in relation to that advertisement. All we were considering in relation to this advertisement was whether the expenditure on that advertisement had been correctly disclosed.

Senator BOB BROWN—Yes, but the advertisement authorisation gave a false address, didn’t it?

Mr Bodel—I am not certain that that is the case. What I have written there is my recollection at the time.

Senator BOB BROWN—I draw your attention to a letter from Mr Peter Trainor, a postgraduate student in Adelaide, that I furnished the Electoral Office with. It says in part:

... we identified three groups of ads. The first was in the *Adelaide Advertiser*, a full page advertisement on the day prior to the election with the theme “We are happy John” ... This was the advertisement authorised by B. Hornsey, SAET School with the address “137 Davis Rd”. [The address should have read 137 Dawes Rd]. As you have noted, locating the school was not easy. Eventually, we were helped out by somebody from the Education Department, who told us the real name of the school (Melrose Park ... Australian Education Trust) school had actually been deregistered some time previously. The Education Department was “very interested” in the School and had been trying with little success to get certain information from them.

Then it goes on to talk about the curriculum of the school, which included banning the use of computers by students. Clearly there was difficulty locating the source of this advertisement because the Dawes Road address had been changed to Davis Road.

Senator WATSON—On a point of order, Mr Chairman: that question—

Senator BOB BROWN—Is it a breach of the Electoral Act to give a false address, and a false address was given on this occasion. I wonder if you have looked into that matter.

Mr Bodel—It was not part of the inquiry we were engaged in, no.

Senator BOB BROWN—Would you look at the matter?

Mr Bodel—I know the list that you are referring to. I can at least categorically say that all of the items on that list were paid for by Willmac Enterprises. Does that assist you?

Senator BOB BROWN—Yes, thank you. The other advertisements being: ‘Keep Australia in safe hands’ in the *Parramatta Advertiser* authorised by S Hales at the Exclusive Brethren’s MET School; ‘Why the grass won’t be greener’ in the Mount Barker Messenger in South Australia authorised on this occasion by Douglass Burgess, giving an address of an Exclusive Brethren school in Victoria; ‘Why the grass won’t be greener’ appearing in an Adelaide suburban newspaper, this time authorised by AK Grace at a suburban address, but allegedly who could be contacted at Edwardstown Carpets in South Australia, an Exclusive Brethren owned enterprise; and ‘The green delusion’ appearing in the *Hobart Mercury* on 1 October, this time authorised by Phillip Cox at 8 Timsbury Road, Glenorchy, Tasmania. These were all paid for not by those who authorised them but by Willmac Enterprises, weren’t they?

Mr Bodel—That is correct.

Senator BOB BROWN—I will leave the matter there for the moment. I have another matter unrelated to this which I would like to raise after lunch, but you said in relation to the ‘No greens’ sticker in the 2004 election that you do not have the resources to look at material which is not properly authorised. What is the point of having a requirement that all election material be authorised if the Australian Electoral Commission simply does not look into matters when there is no authorisation provided?

Mr Dacey—We do, as far as possible, look into advertisements that are not authorised, but obviously if we have a sticker like that and we reach a dead end then there is nowhere else you can go. There is nowhere to indicate where that sticker may have come from if there is no link from that sticker to a person or an organisation to contact. It is very difficult in terms of anonymous material to get to the bottom of it in a lot of cases.

Senator BOB BROWN—Not if somebody follows the trail back to where it came from. You simply do not inquire. You do not have an investigation into such a matter, do you?

Mr Dacey—That is not correct. Often these investigations will lead us to virtually nowhere. It is like getting a piece of paper with: Paul Dacey, AEC on it and it is not authorised by anyone. Who produced that? Unless we get some evidence from someone who might lead us in some direction we reach a dead end.

Senator BOB BROWN—But evidence involves having an inquiry, doesn’t it?

CHAIR—It is 12.30 pm. If Mr Dacey does not have anything to add to that point—

Mr Dacey—No.

CHAIR—Then we will suspend now for lunch.

Proceedings suspended from 12.31 pm to 1.31 pm

CHAIR—I call the committee to order. I know we are in compliance mode at the moment but I have just got two questions not related to compliance, one on behalf of Senator Murray who just wanted me to follow something up. Mr Campbell, I think the criteria for political parties maintaining registration changed a little while back and that there were, I think, 19 parties which ceased to be registered.

Mr Bodel—Nineteen were deregistered on 27 December.

CHAIR—Senator Murray just wanted me to check whether any of those 19 have since reregistered or applied to reregister?

Mr Bodel—About six of those 19 have reapplied. They have not reached the stage of advertising yet. The process for registration involves a series of steps: an initial consideration by the AEC as to whether there were any faults with the application; a period for correction of the application; then it is advertised for public consultation; and then a decision is made by the AEC about whether the party should be registered or not. At this stage none of those have reached the stage of advertising so they are in the initial consideration phase.

CHAIR—And the names of those political parties does not become public until advertising—

Mr Bodel—That is correct.

CHAIR—It is a confidential process up until the point of advertising?

Mr Bodel—That is correct, yes.

CHAIR—Thank you for that. Mr Campbell, just flicking through the papers this morning I just saw an article on the future of the tally room. I am someone who likes a bit of tradition and the backdrop that that provides. It is a great exercise in democracy. I am just wondering what your views are on the maintenance of the tally room. Do you think it should be continued—I see you have said it will be continued for this election—into the future?

Mr Campbell—I will give you a bit of background to that. The tally room has changed in dynamics in recent years for two major reasons. One is the AEC's virtual tally room, which means that the board in the tally room is always behind what is actually happening and behind what people on TV are getting. We also give live feeds to the media networks, which then configure the data as they wish. Secondly, in the last 20 years it has fallen away as the place where the leaders of the major parties would be and the person who wins the election claims victory and the person who is being defeated concedes defeat. In one sense, it is because the parties have moved to other environments.

Earlier this year I wrote to the vast bulk of media organisations—for the small ones I wrote to peak groups—and sought their views on the continuation of the tally room. It was a very interesting exercise; not all responded. Even some of the major newspapers did not respond. The major networks responded and a number of the major newspapers. A mixed bag of views came in, some of which supported the retention—quite strongly, I would say—some of which

said that the virtual tally room was all that they needed and others said, 'We leave it to you.' As a consequence of that, I took the decision that we would maintain the tally room for 2007. But personally I am not convinced that there is a need for it, even though some of the arguments were quite strongly put in terms of the Australian population seeing the vote occurring—although, they are not seeing the vote occurring really; they are seeing it going up onto a board.

I raised my longer term questions with the Special Minister of State, and he has sent a reference to the Joint Standing Committee on Electoral Matters, which was released yesterday. The terms of reference are up on the House of Reps website, and they go to the question of whether or not we should continue to have a national tally room here in Canberra. Submissions are due well before the election, no matter what date the election is, but my guess is that the committee will not report until after the election because they will probably want to see how the tally room works in this election. There will certainly be a tally room for this year, but the issue of whether there is a national tally room beyond 2007 will be subject to quite an open discussion through the auspices of the joint standing committee.

CHAIR—It is an entirely appropriate thing to refer that to JSCEM for their opinion, but I hope that some sentiment comes into the considerations on its future.

Senator FIERRAVANTI-WELLS—On the issue raised by Senator Brown, when did the AEC last write to Willmac and did they get a reply from Willmac? In other words, when was the last time you communicated with them?

Mr Bodel—The last time we communicated with Willmac Enterprises was about July 2006, and we did receive a response.

Senator FIERRAVANTI-WELLS—Senator Brown made much of the investigation of people's addresses and this address at North Rocks. You have no statutory obligation to check that a person is at a particular address. All that is required, as I understand it, is that somebody just gives you an address where they can be contacted.

Mr Bodel—In relation to the disclosure matters, there is no statutory requirement about addresses, but there is a statutory requirement in relation to authorisation matters.

Mr Dacey—That requirement is that it must be an address where the person authorising the material can be contacted during the day, and it must be a street address and not a post office box address.

Senator FIERRAVANTI-WELLS—If I understood your evidence correctly, you said that there were no problems with Willmac's returns. Is that right?

Mr Bodel—Willmac Enterprises' return on electoral expenditure is correct and accurate.

Senator FIERRAVANTI-WELLS—And this referral to the AFP is for reasons other than—

Mr Bodel—It does not relate to the return on electoral expenditure.

Senator FIERRAVANTI-WELLS—And it was referred about three weeks ago?

Mr Bodel—It was referred on Tuesday this week.

Senator FIERRAVANTI-WELLS—How much correspondence has Senator Brown engaged in with the AEC over this whole episode?

Mr Bodel—I would say he writes inquiring about the progress of this inquiry about once every three months or so.

Senator FIERRAVANTI-WELLS—So it is fair to say that Senator Brown has taken a sustained interest in this matter over a period of time?

Mr Bodel—That is a fair statement, yes.

Senator FIERRAVANTI-WELLS—Of all the matters that you currently have on your books, this is probably the one that, in terms of compliance issues, has engaged you, given the correspondence and the profile of a member of parliament, more than any other matter that you have had—certainly in the recent past?

Mr Bodel—I would not necessarily say so. We have been engaging in a number of matters, most of which I outlined to Senator Faulkner. We are expending probably similar resources on all of those.

Senator FIERRAVANTI-WELLS—I think Senator Watson asked this question in fine words, but have you referred the matter to the AFP basically because there is nothing else that you can do with Senator Brown? Is that basically—

Mr Campbell—I have already answered that question and the answer is no.

Senator FIERRAVANTI-WELLS—So you say that there are other matters here but you have not—

Mr Campbell—No, your question was whether I referred it because of pressure from Senator Brown or whether there is substance to the referral. There is substance to the referral.

Senator FIERRAVANTI-WELLS—But you have not written to Willmac in 2006. So it is a matter that pertains to Willmac but you have not bothered to write to Willmac? Is that the case?

Mr Campbell—In the circumstances, there is no reason for me to have written to Willmac.

Senator FIERRAVANTI-WELLS—I have matters other than Willmac to discuss now, so I will go to those. Given that this is an election year, I want to ask some questions on the potential for fraudulent enrolment. I understand that on Radio 5AA, I think it was yesterday, Paul Langtry from the Australian Electoral Commission said that it would not be possible for people to enrol at a KFC store because the AEC has an address register. Could you tell me more about this register and how the AEC can make such an absolute claim?

Mr Moyes—We maintain a register of residential addresses. The way that operates in a processing sense is that if, when we get an application, the address on the application for enrolment does not match to our address register we check to see whether that is in fact a legitimate address before we enrol that person.

Senator FIERRAVANTI-WELLS—So you will go out and make your own independent inquiry?

Mr Moyes—We will make whatever inquiries we need to. It does not necessarily mean that we have to go and visit the address. We have access to other information—for example, local government lands information or whatever it may be. If in the end we cannot get the information any other way then, yes, we may have to go and visit.

Senator FIERRAVANTI-WELLS—I am advised that the KFC claim came from a *Sunday* program a couple of years ago. In the same program a gentleman called Mr Bob Bottom raised the issue of a large number of ALP branch members being enrolled in a series of houses down one side of a street. The trouble was that it was a waterfront street and the so-called houses did not exist. It was just a beach. Would this AEC system prevent that from happening again?

Mr Moyes—That is assuming that it happened in the first place, because it is simply an allegation. My understanding of that particular case—I think Bribie Island is what we are talking about—is that the street numbers there were both odd and even down one side of the street. I think that is where the allegation started. Normally it is odds on one side and evens on the other. That is my recollection. But to answer your question, the fact that we do check our address register means that that situation would be detected if in fact those houses were not there.

Senator FIERRAVANTI-WELLS—So you have a regular program in place to check real addresses?

Mr Moyes—We maintain that address register. There are various ways of doing that. The more we have access to data from agencies like local government—and a lot of that information is freely available—then we can update our register. We do it also with other activities.

Senator FIERRAVANTI-WELLS—And when all else fails you go on street walks?

Mr Moyes—If we have to do a check of that address, we will visit the address.

Senator FIERRAVANTI-WELLS—I know that you send out enrolment cards and do regular mail-outs to check the identity of people living at various addresses. Would it be possible for an unscrupulous person to enrol at a vacant lot, for example, and then use a PO box to get all his mail from the Australian Electoral Commission? You would never know that the land was a vacant lot. Could that be possible? Does your new, stringent ways of doing business preclude that?

Mr Moyes—As part of our address register, there is a land use code. That code specifies various different uses. If it is a vacant block, it will be coded as such.

Senator FIERRAVANTI-WELLS—So in other words it is a bit of an alarm system. If an enrolment comes from lot 5, Green Street and on your records lot 5, Green Street is actually a vacant lot, then that would be highlighted to you?

Mr Moyes—That would highlight, but what we would do then it is check to see if, in fact, a residence had been built there.

Senator FIERRAVANTI-WELLS—What about abandoned houses? It would be quite easy to fraudulently enrol in an abandoned house and then use a PO box to cover that fake enrolment. Don't you think that is feasible?

Mr Moyes—That is probably a little bit more difficult. If a residence is on our register as a residence and is enrolable, then that may not be detected at the time because, on the face of it, it is a legitimate address. But we do regular checks through our review processes.

Senator FIERRAVANTI-WELLS—That means reliance on letters and electronic roll management. That is obviously your reliance on those. Unless you do a roll cleansing by street walking, you are not really going to pick up that sort of thing, are you?

Mr Moyes—The information we get about local government changes to land use may well give us that information. Also mail may come back marked 'return to sender'. I cannot put my hand on my heart and say that it happens in every situation. Addresses on our register are most up-to-date in their categories, if you like, as far as houses that become abandoned are concerned—as you gave the example—but with the mechanisms that we have in place we would certainly pick those up in time.

Senator FIERRAVANTI-WELLS—With an election that is likely to be very close—there have been concessions about that across the political spectrum—what will you do? How can you preclude people from fraudulently enrolling on vacant lots or abandoned houses? Can you give that sort of assurance? Are you going to undertake a wholesale cleansing, if I can put it that way, to make sure that this sort of stuff does not happen? What are you going to put into place to make sure that on election day your rolls are actually clean—if we can put it that way—and accurate?

Mr Moyes—We are undertaking activities now. We have our ongoing activity of roll review. We have been undertaking a targeted doorknocking exercise that is quite extensive. As part of that review work, we pick up information on the land use, on the addresses. As I said before, there is the ongoing maintenance of our address register. But like the roll, it is always changing. It is not something that I could categorically say is 100 per cent accurate at any one time.

Senator FIERRAVANTI-WELLS—If you were presented with clear evidence of fraudulent enrolment, what would you actually do? Do you prosecute? Do you take them seriously?

Mr Moyes—Absolutely. If we get evidence of some wrongdoing, some alleged fraudulent activity, we would certainly investigate. If there is sufficient evidence we would take that to the Australian Federal Police for their investigation. If it leads to prosecution, then so be it.

Senator FIERRAVANTI-WELLS—Hypothetically, take a situation where an election result is very close and the results show there could be 50, 60 or a hundred votes in it, or something like that, and you have evidence of multiple voting. Is that when you would go back and have a look at your abandoned houses and that sort of stuff in a particular electorate? What would be the effect of that?

Mr Dacey—In relation to multiple voting, if a particular result in an electorate is close, one of the first things the AEC looks at is possible multiple voting. Whilst we have not had that situation occur, if the situation did occur where, in our view, the number of alleged multiple votes or multiple marks we found on the list of voters were in any way close to the margin, we could consider ourselves petitioning that election on the basis that we may have doubts. We have the capacity ourselves to petition an election and of course it is open to any

candidate to petition as well. We do check that before making those sorts of decisions obviously.

Senator FIERRAVANTI-WELLS—That is in relation to multiple voting, but what if you have a situation where you do not have too many multiple votes but an election is very close? Will you then go back and have a look at other reasons and other situations such as whether our rolls were 100 per cent up-to-date on a particular electorate?

Mr Dacey—It is always difficult to answer a hypothetical, but if there were a particular allegation or particular concern by someone, we would certainly consider that—but not as an automatic response.

Senator FIERRAVANTI-WELLS—So you would wait for the aggrieved candidate to come to you with evidence—

Mr Dacey—Not necessarily the aggrieved candidate. It could be someone else who had particular evidence or someone else who made an allegation. But as a matter of course, no, we would not go and check those sorts of things.

Senator FIERRAVANTI-WELLS—Would you only look at multiple voting? Your only real concern is multiple voting?

Mr Dacey—No, that is not our only concern. I said it was difficult to answer a hypothetical, but if any allegations, complaints or suggestions come to us that might suggest something inappropriate, we would certainly look at those.

Senator FIERRAVANTI-WELLS—Perhaps you could take that on notice and provide me with a detailed response about what would happen if the vote was very close and in particular the sorts of checks that you would undertake. Mr Bodel, you gave a wrap-up of matters that you have on your files at the moment. An issue was raised in the House recently on an adjournment debate by Mrs Bronwyn Bishop. It was about the member for Gorton, regarding an allegation about his failure to lodge returns over a period. He failed to disclose, as I understand, an amount of about \$240,000.

Mrs Bronwyn Bishop made the assertion that from 1993 to 2001 the member for Gorton was the assistant national secretary of the Australian Services Union. During 1998 to 2001 that same union, using three related entities but still the Australian Services Union, donated \$240,000 to the Labor Party and—guess what—it only declared for one year, 1999 to 2000, when he put in his return that they had in fact donated \$12,000. The ALP's own return showed that in that year they had donated \$75,000, a discrepancy of \$63,000. Then she went on about the member for Gorton. I will table this and I would appreciate it if you could add this to the matters that are under investigation. If you have investigated it, take it on notice and provide us with a report on that.

Mr Bodel—I think I can probably provide you with a preliminary answer now. I will go away and check that this is accurate—

Senator FIERRAVANTI-WELLS—Thank you.

Mr Bodel—but my understanding of that particular matter is that the funds concerned were union affiliation fees, which are not donations and therefore do not require a donor return. That is why the union did not complete a donor return.

Senator FIERRAVANTI-WELLS—In any case, this matter was raised recently. I will provide you with a copy and perhaps you might add that to your list of matters to which you are providing answers on notice.

Mr Bodel—Yes.

Senator FIERRAVANTI-WELLS—Thank you very much.

CHAIR—Senator Faulkner, I think, had some questions on compliance.

Senator FAULKNER—Thank you, Chair. Just in this compliance area, I want to be clear about something in relation to the matter which you have just described as the Galt matter—and I think I understand what you mean by that. There were matters that were described in an AAP story of 21 March 2007, ‘Fed MP under investigation for alleged slush account’, which related to Mr Michael Johnson, who is regularly referred to at these estimates committees, and had claims of sworn statements by a Mr Neil Griffiths and so on and so forth. Can you indicate whether those matters are part of that investigation?

Mr Bodel—They are unrelated. I can provide you with some background to that matter and probably resolve the issue.

Senator FAULKNER—If you could. I would appreciate that.

Mr Bodel—Basically what happened is that, during a regular compliance review of the Queensland Liberal Party last year—as you may be aware, during a compliance review we select a number of party units to examine, to determine whether they have completed their returns appropriately—one of the party units we determined to examine was the electorate of Ryan. During our examination of Ryan’s returns, Mr Griffiths came to us and made an allegation about a secret slush fund. We have examined the allegation and have determined that a secret slush fund does not exist.

Senator FAULKNER—Right. So that is not an ongoing matter—that is why it is not on your list?

Mr Bodel—That is not an ongoing matter. We have not finalised our compliance review of Queensland yet; there are still some outstanding matters for the Queensland Liberal Party. But we have resolved that particular allegation about a secret slush fund.

Senator FAULKNER—Thank you for that. I want to ask you about another matter I saw referred to in the media. It may not necessarily go to the compliance area of the department—in fact, I suspect it would not—but it is a matter that has gone to somebody in the department as some form of concern or complaint; so no doubt, Commissioner, you can point me in the right direction. This related to a complaint about a Christmas card that riled a minister. Are you aware of this? It got some prominence in late March this year.

Mr Campbell—Can you give me a bit more detail? It is not ringing a bell at the moment.

Senator FAULKNER—This was a Christmas card from a legal firm. It says ‘Merry Christmas from Harman & Co.’ and it included this message:

Dear John—

by the way, the ‘John’ here is John Howard—

This Christmas I would like to wish for a more peaceful, tolerant and understanding world. I appreciate that this takes time and a collective will but could you please help me by:

- Ending our military involvement in Iraq ...
- Talking to your friend George and getting David Hicks out of Guantanamo Bay ...
- Closing the detention centres and stop imprisoning children
- Saying sorry to the Stolen Generation ...

... ..

P.S. I'm writing to you rather than Santa because Santa doesn't exist (a bit like the Weapons of Mass Destruction)

That was the Christmas card sent out by Harman & Co. Anyway, some unnamed federal minister doxed in Mr Harman, the lawyer who sent out the card, to the AEC. That is the background, Mr Campbell. Are you aware of it?

Mr Campbell—I am aware of the detail. Mr Dacey will respond.

Senator FAULKNER—Thank you. It sounds like, from what I understand, you sent out the normal letter with the normal words about section 328 of the Electoral Act.

Mr Dacey—That is correct.

Senator FAULKNER—Can you confirm that.

Mr Dacey—Yes.

Senator FAULKNER—Where did this one end up? This seems to me to be going a bit far—taking on someone's Christmas card.

Mr Dacey—When matters like this are brought to our attention, we do have a responsibility under the act to look at those matters. In this case, we determined that, in our view, the Christmas card made reference to an electoral matter and was not appropriately authorised.

Senator FAULKNER—So you informed Mr Harmon?

Mr Dacey—That is correct.

Senator FAULKNER—What happened as a result of that, if anything—talk about a storm in a teacup?

Mr Dacey—I cannot remember exactly, but I can certainly go through the records again and respond on notice.

Mr Campbell—Obviously he would not be changing a card that has already been sent, but presumably if he decides to send a similar card this year then, hopefully, he has been warned and he will authorise it correctly.

Senator FAULKNER—He might lose his sense of humour and put out a doozy, you never know. Who was the minister who was riled? Who is the humourless minister in the Howard government who made this claim?

Mr Dacey—I have just been advised it come through the Special Minister of State's office. But it was someone else who referred that matter to the Special Minister of State's office, it did not originate from that office.

Senator FAULKNER—It came from the Special Minister of State's Office?

Mr Dacey—Via the Special Minister of State's office.

Senator FAULKNER—Who was the person who made the complaint?

Mr Dacey—I do not know.

Senator FAULKNER—Can you take that on notice?

Mr Dacey—I can take that on notice.

Senator FAULKNER—Thank you.

Mr Campbell—As far as we are aware, we do not know; but we will take that on notice.

Senator FAULKNER—It is not another one, surely. Don't tell me, Mr Campbell, it is another one of these so-called anonymous complaints and the Special Minister of State—

Mr Campbell—I am not aware of it. I have just been advised that we would have to check as to whether or nor we were told who gave it to the minister's office.

Senator FAULKNER—I, of course, am quite cynical about these anonymous complaints from the Special Minister of State. When I see anonymous complaints from the Special Minister of State, I read 'Special Minister of State' or the 'Special Minister of State's staff', or some other Liberal Party apparatchik. This pattern of anonymous complaints is so weak when they are not even willing to put their name to it, but this has got to a new level of pettiness over a Christmas card. Really and truly, it is farcical. Anyway that one has been completed, has it? That matter is finalised? Nobody is in jail or anything like that?

Mr Dacey—No.

Senator FAULKNER—This seemed a little odd to me. This was mentioned in another media outlet—which I have not got a big hit rate from at this round of estimates, I would have to say—that is, crikey.com. I will give you the date: 22 March 2007. I get my moneys worth out of the subscription. This one surprised me because I did not really understand why it would be referred to the Electoral Commission. Anyway on page 7 of 39 of that 22 March edition of crikey.com, in the section entitled 'Tips and rumours'—I wondered if this was a tip or rumour, or you could just make it a comment—it says:

Has Tamworth National's candidate, Kevin Anderson—

And I interpellate here, I assume that must have been the candidate in the New South Wales state election:

been caught sending out his election material via—

It does not say that word. I suppose it is:

Senator Sandy McDonald's taxpayer funded postage allowance? The matter has been referred to the Australian Electoral Commission for investigation.

It struck me as a strange place for this to go and maybe there is a word missing here, maybe it was the State Electoral Office of New South Wales, I do not know.

Mr Dacey—From my recollection—and I stand to be corrected—it was a state electoral matter, but as it referred to an allegation of the use of funds by a federal senator the matter was initially referred to us and we referred it, appropriately, to the department of finance.

Senator FAULKNER—I am pleased to hear that, because I could not see that there could be a matter for the AEC

Mr Dacey—I think it was mistakenly referred to the AEC.

Senator FAULKNER—Fair enough. There may or may not be an entitlements issue involved. I did not quite understand why there would be a matter for the Electoral Commission contained in it. That is all I have on compliance issues. I do not know if they are actually compliance issues. It pushes the boundary of ‘compliance’ a bit.

Senator FIERRAVANTI-WELLS—On 13 February I raised some matters and asked for an investigation into some donations to the ALP which had not been disclosed by the CFMEU. I listed all those and gave a figure for them. I think it was about \$160,000. There were also some donations by the AMWU. Have you undertaken investigations in relation to that? They were not in your list of matters under investigation. Are they still under investigation? What is the position on those?

Mr Bodel—They were included in a question on notice from the committee. The response to that question on notice advised that we had identified that they related to the Tasmanian branch of the ALP and that we would examine those during our compliance review of the Tasmanian branch of the ALP.

Senator FIERRAVANTI-WELLS—Which is—

Mr Bodel—Which is commencing in two weeks time.

Senator FIERRAVANTI-WELLS—Thank you.

Senator WONG—Mr Campbell, on the last occasion, Senator Faulkner raised with you the continual roll update review.

Mr Campbell—Yes, he did.

Senator WONG—Which you had received recently at that time. I presume you have had a chance to read it now.

Mr Campbell—I have had a chance to read it.

Senator WONG—That has not been made available to the committee, has it?

Mr Campbell—No. The problem with the report is that it is in two parts. There is an executive summary and a series of recommendations which will not change. The report itself, though, is being informed by the targeted enrolment strategy we are doing now. So in some ways the report has picked up what we were doing in the targeted enrolment strategy and is building on that. But we do have an executive summary and recommendations which I can give a copy of to the committee.

Senator WONG—I would like you to table that if you could. Could we arrange that now? You could give a copy to the very efficient secretary.

Mr Campbell—Now that I have lost my copy I will have trouble with the recommendations.

Senator WONG—I am happy to come back to that when we have a copy. Why do you only want to table the first part and not the rest of it?

Mr Campbell—What I am saying is that the other part of the document is still a living document because it is being influenced by some of the analysis that we are getting out of our targeted enrolment strategy.

Senator WONG—I understood that. I assume that others on this committee have focused on these issues for many years. I am sure they can work out that this is a snapshot, point in time, analysis.

Mr Campbell—I have no concerns about providing a copy of the report to the committee but I would like to hold the final report until we do some analysis on our targeted enrolment strategy, which should not take longer than the next couple of weeks.

Senator WONG—As I recall, on the last occasion you said that you would. On 13 February, three months ago, you said:

The outcomes of that review would obviously be available to the committee—
that is what you finally provided today—

Whether or not the full review would be made public is something I would need to consider when I read it ... I am sure that by the time we are together again in May I will know my way through and have things to give to the committee.

We are in late May and I am asking for the remainder of the report.

Mr Campbell—When we met on 13 February we were at the very early stages of formulating how we were going to do the targeted review that we are now embarked upon. In a sense, the report itself and the other things in the report itself are now being influenced in terms of, if you like, knowledge and understanding by what we are finding out in the targeted review. I will give a date—say, in two weeks time. Now all of our states are quite a way through our targeted enrolment strategy, I would like time to read what feedback they are giving us—and they are giving us both data feedback and anecdotal feedback—to see whether it has any impact upon some of the thoughts in the report, and then I can provide it to the committee in two weeks time.

Senator WONG—Okay. I will stop pressing you then, on that basis.

Mr Campbell—Two weeks tomorrow actually—the Friday.

Senator WONG—That is it? No more slippage there?

Mr Campbell—No, that is it.

Senator WONG—On that basis I will not keep hassling you on that point. We may not have another estimates before the election but if I happen to be on this side of the table again I

am sure that we will be raising a delay in that. So two weeks from tomorrow we will get the full document.

Mr Campbell—Yes.

Senator WONG—Thank you. I appreciate that.

Mr Campbell—Could I just say, because you have got the recommendations, that some of the recommendations—

Senator WONG—We do not have them yet.

Mr Campbell—They are being copied. Could I just put on the record that some of the recommendations the commission might not actually agree with. So when you are reading the recommendations do not take it that we are necessarily going to agree or implement in total all 24 recommendations.

Senator WONG—Okay. While we are waiting for that, can I confirm that there has been a reduction between the estimated actual expenditure for the current financial year and the budget estimate for next year for the electoral roll management? Can you tell me why that is? This is on page 99 of the PBS.

Mr Campbell—Have we finished with compliance issues?

Senator WONG—From my perspective, yes, but there are a range of other—

CHAIR—Senator Brown may wish to raise something.

Mr Campbell—In that case I will ask Mr Bodel to stay and the chief finance officer will be at the table.

Senator FAULKNER—Before we go to Senator Wong's question, can I just be clear as to whether there is an updated table of the enrolment pattern across the states and territories, and the totals, that you have available for tabling today?

Mr Campbell—This is relating to the figures that we were using in our responses to Senator Wong before lunch.

Senator FAULKNER—Yes, I know, but sometimes this is provided, and I think it is a good idea to provide an ongoing tabulation, as they say. It saves time.

Mr Campbell—I am just checking whether we have it with us by state. Before we rise we will get copies of it and have them here for you.

Senator FAULKNER—I appreciate that. If that could be disaggregated into the time frames and the states and territories that would be useful.

Senator WONG—Is it possible for me to have a look at that? If that is the case there are a whole range of questions I will not need to ask.

Senator FAULKNER—I think that would be useful, Chair, because it might save the committee a great deal of time.

CHAIR—Indeed.

Senator WONG—Mr Baker, I was asking about the reduction in funding for electoral roll management between actual and projected expenditure for next year.

Mr Baker—The figures on page 99 are estimates based on what we believe the expenditure pattern will be across the two years. The way we calculate those is that we seek details of effort that our staff expect to devote to the various outcomes. With an election year, there has been a shift in effort nationally towards the elections related outputs rather than to enrolment. When we attribute our budget we use those effort estimates to allocate salaries, corporate overheads like property costs, IT, corporate expenses and the like. Where there is a shift in effort a lot of the dollars follow that so the reduction you can see on page 99 has really been driven by that.

Senator WONG—So you are basically saying that in 2007-08 you are going to have less of an effort in terms of updating the roll?

Mr Baker—There will be more of an effort on elections. The budget itself is fixed. So if you look at the way the percentages drive the dollars across those, you see why there is that shift in dollars towards the election related outputs.

Senator WONG—And 2007-08 will include the election.

Mr Baker—That is right.

Senator WONG—I am comparing the 2006-07 financial year figures—that is, the estimated actual—with the budget estimate for 2007-08, when there is \$12,000 less in electoral roll management now. There is obviously a corresponding proportionate reduction in effort in a financial year which includes an election.

Mr Baker—Yes, that is right. If you look at the national effort figures that we have then you see that in 2006-07 68 per cent is devoted towards enrolment related outputs, but there is a shift away from that in 2007-08. It falls to about 53 per cent.

Senator WONG—What are the other outputs in that line item?

Mr Baker—For elections related outputs in 2006-07 it is 26 per cent in terms of effort.

Senator WONG—Mr Baker, let us be clear about what we are doing. Are we disaggregating output 1.1.1 as a line item? Is that what we are doing?

Mr Baker—The percentages that I have just given you for the 68 per cent and the 53 per cent are for outcome 1 as a total.

Senator WONG—Okay. I will tell you what I am asking. I am asking about the reduction in electoral roll management, output 1.1.1, from \$54,893,000 to \$42,086,000. I am asking you to explain to me: what is the justification for that given that the 2007-08 year obviously includes an election?

Mr Baker—The justification is that a far greater share of the effort of the AEC's resources will go towards elections in the 2007-08 year as opposed to 2006-07, it being an election year.

Senator WONG—A far greater share of a reduced pie. That is unarguable on the figures, unless your budget figures are wrong.

Mr Baker—If you set aside the election specific costs, the costs of actually running the election, and you look at our baseline then you see that more of our baseline will be directed towards delivering the election in 2007-08 than will be the case in 2006-07.

Senator WONG—Okay, so just give me the election outputs then for 2006-07 and 2007-08. And you are not able to tell me which line item in the PBS this relates to, is that right?

Mr Baker—No, I have outcome based figures. For 2006-07 elections related outputs is 26 per cent. In 2007-08 elections related outputs is 41 per cent.

Senator WONG—And that is 26 per cent of what?

Mr Baker—That is 26 per cent of the total available staff resources that we have.

Senator WONG—I do not have the internal budget figures; what I have is the PBS. So what, in terms of the PBS, does the 26 per cent relate to? Is it your entire appropriation or is it the appropriation in respect of outcome 1? What is it 26 per cent of?

Mr Baker—The 26 per cent is part of a dataset that we use to do the attributions of our appropriations across the outputs.

Senator WONG—Give me the raw figure—26 per cent of what? What is the amount?

Mr Baker—Those percentages are the relative shares of the national staff effort that we have. It is not dollars per se. When we are doing the attribution we use those efforts to push the dollars across the outputs.

Senator WONG—I do not know whether we are talking at cross purposes here but I am having difficulty understanding this. I understand that this may be me not understanding how you internally attribute your costs. But I have a pretty simple question; it relates to a line item in the PBS where there is a very substantial reduction in what the government says it will spend on electoral roll management between the current financial year and the subsequent financial year. As I understand it, your response to that is that it is justified because you are going to put more effort into the election based activities.

Mr Baker—That is correct.

Senator WONG—I am now asking, given that is the case: what is the proportion of funding in that line item that is associated with election based activities? I do not know whether you want to discuss it with your colleagues and come back to me. To give Mr Baker some time, I suggest we shift to something else and then come back.

Mr Campbell—I can make a comment which I think will get to the core point of your question. Moving aside from percentages, you are asking why, on page 99, we are showing expenditure of \$67 million on roll management activity in 2006-07—

Senator WONG—I was looking at 1.1.1.

Mr Campbell—Yes, \$58 million to \$42 million, but it is the same thing. It is a drop, when next year is an election year.

Senator WONG—If you had listened to me, you would know I was not aggregating 1.1. I was looking at 1.1.1 sub output which is \$54.893 million to \$42.086 million. I understand the argument about the electoral redistribution.

Mr Campbell—I was homing in on that too. The reason for that is that in 2006-07 we had three state based close of rolls for the three biggest states, and that is quite expensive. We have one close of rolls for the Commonwealth. So step one is three close of rolls against one.

The second issue is that a lot of the activity that I have been talking about earlier today with regard to target enrolment and strategies et cetera will be expensed in 2006-07. In a sense, while 2007-08 is an election year and 2006-07 is not, we have done all this preliminary activity in 2006-07 on roll management. During the period from the time the election is called, the writs are issued—a couple of days—until well after the election, most of the activity of the agency is on the event for both the House of Representatives and the Senate so we have a significant period of time when all we are doing in terms of roll management is processing whatever cards come in. I think you will find that is the major reason there is a significant difference in 1.1.1 between the two years.

Senator WONG—Okay. I will move on from that. If there is anything you want to clarify in that answer on notice you are able to do so?

Mr Campbell—Yes.

Senator WONG—Thank you. Regarding the proof of identity issue, how many forms have you received since the implementation of the new proof of identity requirements?

Mr Moyes—Since 16 April we have received about 186,500 enrolment forms. That is until 18 May.

Senator WONG—I will place the rest of my questions on notice. Thank you.

Senator BOB BROWN—I would like to ask about the advertising by the government on Work Choices and now the workplace relations strategy—I think that is the new name since Work Choices has been dropped. That advertising is authorised by the Australian government. Shouldn't it be authorised by a person?

Mr Dacey—It is my understanding that a person can also be an entity. We have advice to that effect. Electronic media advertising does not fall under the jurisdiction of the Commonwealth Electoral Act; it is under the broadcasting legislation. In relation to press advertising—

Senator BOB BROWN—It says:

If a broadcaster broadcasts political matter at the request of another person, the broadcaster must, immediately afterwards, cause the required particulars in relation to the matter to be announced in a form approved in writing by the ABA.

The Electoral Act says:

A person must not produce, publish or distribute or cause, permit or authorise to be produced, published or distributed an electoral video recording unless the name and address of the person who authorised the video recording appears at the end of it.

Mr Dacey—That is correct, but a video recording is not, for the purposes of our act, television advertising. That comes under the Broadcasting Act.

Senator BOB BROWN—For the purposes of the Electoral Act you mention there the word 'entity'.

Mr Dacey—That might not be the correct legal terminology. Section 328 of the act refers to persons, and my understanding is that person includes a separate legal entity.

Senator BOB BROWN—Like a political party?

Mr Dacey—Yes.

Senator BOB BROWN—So if a political party is putting out advertisements it is sufficient to say that this pamphlet or video is authorised by the Australian Labor Party or the Australian Greens, for example?

Mr Dacey—We would need to take advice on that and get back to you as to whether a political party is, in terms of a person as defined in the law, a separate entity. Certainly we have had advice that the Australian government is a separate legal entity.

Senator BOB BROWN—It is an extremely important question because you can recognise the advantage if political parties did not have to use the names of individuals instead of corporate or other entities or bodies politic. I would be pleased if you gave us some media advice on that particular matter because that would clear things up. I will take the other matter up with ACMA.

Senator Colbeck—I know I am risking another lecture from Senator Faulkner—

Senator FAULKNER—I will do it anyway. There is nothing wrong with that!

Senator Colbeck—In respect of the Christmas card he mentioned earlier and his implication that he regards ‘anonymous’ as being the Special Minister of State’s office or staff, I have been asked to indicate that the Special Minister of State and his staff advise that it was definitely an anonymous reporting and was not generated within the Special Minister of State’s office or by the Special Minister of State.

Senator FAULKNER—I am pleased to hear that. I do not know why such anonymous complaints go to the Special Minister of State’s office and not the Australian Electoral Commission. I am very pleased to hear that, on this occasion, you have declared the Special Minister of State and his office innocent.

Senator Colbeck—No, that is not what I declared. I just put on the record the advice from the Special Minister of State’s office. I did not declare anybody—

CHAIR—The Electoral Commissioner has something to add.

Mr Campbell—Senator Wong and Senator Faulkner asked a few moments ago whether they could have a state break up of the figures we talked about. They have been given to committee staff.

Senator FAULKNER—Yes. They have just been tabled. I thank the Australian Electoral Commission for tabling that. For the purposes of the committee, it is a bit like the status report that Mr Bodel now gives us on compliance matters. This is a useful document that if it is updated in future estimates rounds will, firstly, assist the committee and, secondly, save a fair bit of time.

CHAIR—That concludes the consideration of the Australian Electoral Commission and the portfolio of finance and administration—except for human services, which will follow.

Proceedings suspended from 2.32 pm to 2.38 pm

HUMAN SERVICES PORTFOLIO**In Attendance**

Senator Ellison, Minister for Human Services

Department of Human Services**Output 1: Core department**

Ms Helen Williams, Secretary
Mr Jeff Popple, Acting Deputy Secretary
Ms Kerri Hartland, Deputy Secretary, Office of Access Card
Mr Chris Dainer, First Assistant Secretary, Financial Analysis and Corporate
Mr Alex Dolan, First Assistant Secretary, Service Delivery Operations
Ms Jenny Thomson, Acting First Assistant Secretary, Policy and Strategy
Ms Marie Johnson, Chief Technology Architect, Office of Access Card
Ms Barbara Flett, First Assistant Secretary, Office of Access Card (Communication and Stakeholder Engagement)
Mr Nico Padovan, Acting First Assistant Secretary, Office of Access Card (Product Delivery)
Mr Greg Divall, First Assistant Secretary, Office of Access Card (Program Management)
Mr David Walsh, Acting First Assistant Secretary, Office of Access Card (Registration Taskforce)
Mr Peter Robertson, Assistant Secretary, Office of Access Card (Business Intelligence)
Ms Barbara Grundy, Assistant Secretary, Office of Access Card (Communications)
Mr Michael Welfare, Assistant Secretary, Office of Access Card (Procurement)
Mr Peter Wightman, Office of Access Card (Operating Model Branch, Registration Taskforce)
Mr Piers Smith, Assistant Secretary, Office of Access Card (Technology Architecture)
Mr Drew Baker, Assistant Secretary, Office of Access Card (Technology Architecture)
Dr Jacky Fogerty, Assistant Secretary, Job Capacity Assessment
Ms Penelope Royston, Acting Assistant Secretary, Delivery Analysis
Ms Jenny Barbour, Acting Assistant Secretary, Communications
Mr Phil Lindenmayer, Acting Assistant Secretary, Delivery Strategy
Ms Di White, Acting Assistant Secretary, Compliance and Development
Ms Teena Blewitt, Assistant Secretary, Budget and Implementation
Mr Paul Menzies-McVey, General Counsel
Ms Kathryn Johnson, General Counsel
Mr Noel Dobbie, Chief Financial Officer
Mr Neil Skill, Assistant Secretary, Portfolio Coordination and Corporate

Output 2: Child Support Agency

Mr Matt Miller, General Manager
Mr Michael Belcher, Deputy General Manager, National Finance Management Group
Mr Herb May, Acting Deputy General Manager, National Finance Management Group
Mr Patrick Hadley, Deputy General Manager, Chief Information Officer, Information and Communication Technology Group
Ms Dawn Casey, Deputy General Manager, Service Quality and Support Group

Ms Samantha Palmer, Deputy General Manager, External Relations Group
Mr Trevor Sutton, Deputy General Manager, Change Program
Ms Mary O'Hanlon, Assistant General Manager, Child Support Scheme Reforms
Ms Tanya Scales, Assistant General Manager, Service Delivery
Ms Angela Tillmanns, Branch Head, Compliance Improvement–Change Program

Output 3: CRS Australia

Ms Margaret Carmody, General Manager
Mr Carl Princehorn, Deputy General Manager, Service Delivery

Outcome 1: Centrelink

Mr Jeff Whalan, Chief Executive Officer
Ms Carolyn Hogg, Deputy Chief Executive Officer, Customer Service Group
Mr John Wadeson, Deputy Chief Executive Officer, Information Technology
Ms Aurora Andruska, Deputy Chief Executive Officer, Stakeholder Relationships
Ms Mandy Ritchie, General Manager, Customer Service Design and Implementation
Mr Grant Tidswell, General Manager, Customer Service Delivery
Ms Natalie Howson, General Manager, Customer Service Strategy
Mr Tuan Dao, General Manager, Core Business IT Systems,
Ms Eija Seittenranta, General Manager, Corporate IT Systems
Mr Trevor Burgess, Chief Financial Officer, Financial Management and Business Support
Mr Hank Jongen, General Manager, Communication
Ms Sheryl Lewin, General Manager, People and Planning
Dr Margaret Browne, General Manager, Business Integrity and Information
Mr Paul Conn, General Manager, Employment, Disability and Education
Mr Gary Dunn, General Manager, Families, Seniors, Rural and Community
Mr Simon Moore, National Manager, Evaluation and Audit
Ms Elaine Ninham, National Manager, Project Coordination and Refresh
Ms Jenny Teece, National Manager, Ministerial, Parliamentary and Executive Support
Ms Moya Drayton, National Manager, Participation and Employment Services
Ms Pam Saunders, National Manager, Job Capacity and Disability Services
Ms Vicki Beath, National Manager, Education and Training
Mr Graham Maloney, National Manager, Service Design and Support
Mr Karel Havlat, National Manager, Budgeting and Management Accounting
Mr Trevor Jones, National Manager, Contracts and Procurement
Mr Brendon Jacomb, National Manager, Legal Services
Mr Robin Salvage, National Manager, Self Service Strategy
Ms Marcia Williams, National Manager, Customer Experience
Mr Colin Parker, National Manager, Service Delivery Coordination
Ms Roxanne Kelley, National Manager, Centrelink Call Performance
Mr Mark Wellington, National Manager, Emergency Management
Mr Dennis Mahony, National Manager, Family and Child Care Services
Mr Paul Cowan, National Manager, Seniors, Carers and Means Test
Ms Katrina Fanning, National Manager, Indigenous Services
Ms Jean Krystyn, National Manager, Acting National Manager, Fraud Management
Ms Cheryl-Anne Moy, National Manager, Access Card Business

Mr Sheldon White, National Manager, Payment Correctness and Debt Management

Outcome 1: Medicare Australia

Ms Catherine Argall, Chief Executive Officer
Ms Joanna Davidson, Deputy Chief Executive Officer
Ms Philippa Godwin, Deputy Chief Executive Officer
Ms Linda Holub, General Manager, Program Management Division
Ms Rona Mellor, Deputy Chief Executive Officer
Ms Ellen Dunne, General Manager, Customer Services
Mr Mark Jackson, General Manager, eBusiness
Mr Anthony Honeyman, General Manager, Access Card/Unique Healthcare Identifier
Mr Colin Bridge, General Manager, Program Review
Mr Nic van den Berg, General Manager, Information Technology Services
Ms Lynne O'Brien, Chief Finance Officer
Mr Carl Murphy, Manager, Human Resources
Ms Lisa Rauter, Branch Head, Medicare Easyclaim

Australian Hearing

Anthea Green, Managing Director

Health Services Australia

Mr Walter Kmet, Managing Director, HSA Group

CHAIR—I call the committee to order. We will start with general questions regarding the Human Services portfolio. I welcome Senator Ellison and Ms Williams. Congratulations, Ms Williams, on your appointment as Secretary of Human Services.

Ms Williams—Thank you.

CHAIR—Senator Ellison, do you have an opening statement to make?

Senator Ellison—Yes, thank you. I thought at the outset, to assist the committee, I would mention that we have outcome 1, which is the core department, and outcome 3, which is CRS; we have the general questions which we start off with, then we have Centrelink, Medicare and Health Services. That is as I understand it. Whilst general questions are wide ranging, if we can keep questions for Centrelink for Centrelink, and those for Medicare for Medicare and those for Health Services for Health Services that would be best. In outcome 1, output 1, there are a range of issues about the department and, of course, that affects the department. I say that by way of confirming our approach to these things.

That there are other aspects which might be of interest to senators, such as communications campaigns and such in output 1—that is where the questions are relevant—but in relation to the access card, which is part of output 1, I have stated that the government will be bringing legislation into the Senate in June. It accepted the Senate recommendation that the legislation be consolidated as a whole, and that is what the government will be doing. I have been consulting extensively with a wide range of stakeholders in relation to the access card, and we have ongoing work by the Fels committee on a number of areas. I have said publicly that I would support a reference to the Senate committee of that legislation which is to be introduced in June, and if there are any questions which go to the legislation then it may be difficult to answer those at this stage because we are still considering a number of issues for

the formulation of that legislation. But we will answer the questions as best we can and that may be of assistance to the committee.

Senator MOORE—I want to start off with some questions about the return of questions on notice. I know the department would be very disappointed if I did not do that. As of this morning there were still a number outstanding, but I note that we have received them all by now. But I want to put on record that that is hopeless. It is hopeless in terms of our ability to ask questions, put them on notice and then effectively get something out of the Senate estimates process. To be looking at hard copies of responses this afternoon does not aid the system. That is a general comment. And I am sure other people share that view.

Senator LUNDY—Just for the record, are there any questions that remain outstanding?

Ms Williams—No, none.

Senator LUNDY—Why has it taken the department so long to answer the questions? When were they submitted to the minister's office?

Ms Williams—You will understand that I have only been there for just over two weeks, but I understand that it has been a very difficult time this particular time. We have had to get answers and they have been quite detailed, particularly from Centrelink but also from all the department's agencies or the portfolio's agencies. And of course it has been budget time, where these agencies have been very heavily involved. All I can say is that we will look at our processes and try to do much better in future.

Senator LUNDY—Can you tell me when the questions were sent to the minister's office for approval?

Ms Williams—I do not have that information.

Senator LUNDY—Can you take that on notice.

Ms Williams—That is one we will discuss with the minister.

Senator LUNDY—It is ironic, isn't it?

Senator Ellison—Was that request in relation to all questions? And, if not, to which questions?

Senator LUNDY—What I am trying to find out is whether or not the hold-up was in the minister's office or whether it was in the department. If you are able to shed some light on this matter that would be helpful.

Senator Ellison—I suppose the question should be in relation to those that were after time?

Senator LUNDY—Yes.

Senator Ellison—The ones that were in time, I dare say, are not subject to the questions?

Senator LUNDY—No. That is correct.

Senator Ellison—Well, the ones after time we can take on notice.

Senator LUNDY—Thank you.

Ms Williams—It may be a bit more difficult than that because, as you would understand of the system, these things are often iterative: they go; the office does not think they are sufficient; we have to add some more information. So it is not as easy as that.

Senator WONG—Sorry, but I am going to express some frustration here. Although I am tired, I am going to try to be reasonable. At least you provided them this time. So, after a change of secretary and a change of minister, at least we have the answers, even if they have come in late. On the last occasion, from recollection—and I could be wrong, but this is my recollection—a significant proportion were not even provided. Notwithstanding the iterative process, which the previous secretary referred to somewhat frequently, I think Senator Lundy's question could be answered by giving the date on which they were first received by the minister's office.

Senator Ellison—We will take that on notice.

Senator LUNDY—How does the department prioritise its responses to questions on notice? What formula do you apply?

Ms Williams—Again, I have been here two weeks so—

Senator LUNDY—I know, but there are officers present who have been there longer than two weeks who I am sure could answer.

Ms Williams—I will answer and then perhaps I can be corrected. I think we do not prioritise. We look at them and we send them to the agencies where necessary as soon as they are received. Sometimes they are more difficult than others. So it is a case of when they are received back and when we can look at them. So it is not exactly a prioritisation process. Is that correct?

Mr Popple—That is correct. There is no priority placed on them. We work through them in a systematic way, we send them out to the agencies and we then wait for them to come back—or, for the ones which are detailed to Human Services, we work through them in different parts of the department.

Senator MOORE—There were two responses that were received this afternoon: one from the Child Support Agency that I asked about and one from another agency that Senator Siewert asked about. They were received this afternoon. Both times we were told today that we could not get what we asked for. I refer to the Child Support Agency one. We are not calling the Child Support Agency today because we are waiting until the next round, if required to do that. I asked the particular question HS83 about the Deloitte's review of occupational health and safety with the Child Support Agency. That was quite a straightforward question about the Deloitte's report. The response I got today was that I could not have it. I am not going to argue about whether I can have the report or not. The reason that was given—and I am sure someone here has got the answer; I got it in that bundle I got today—was that there were elements of that report that were subject to cabinet discussion. Fine—we know that that means we cannot have it. But I would have thought that I could have been told—or the people could have been told—very quickly that we could not have that Deloitte's report; but we got the response today. Senator Siewert's question was numbered HS40 and once again the guts of the response was that what she was asking was too detailed

so she could not have that response. It was a very detailed question so it probably was not surprising.

That is the kind of issue that we find quite frustrating. We have had this discussion at previous estimates. If it is obvious that the question is badly formed, too difficult to answer or is a threshold issue so that we can't get what we were asking for, it would be a little easier to continue the discussion if we were told that then. Maybe that could stimulate a rephrasing of the question or at least some discussion rather than at this stage being three months behind in terms of the information we were seeking in those cases—and we are now trying to struggle as to how we handle it next time.

We have had this discussion at length in this committee before. I thought we had achieved some form of agreement with the executive of Human Services previously about that earlier interaction. For example, with the Child Support Agency one that was mine, if we had known that the Deloitte inquiry was one that we could not have then perhaps we could have rephrased the kinds of information we wanted, in March, April or early May rather than now. I am very keen to have that on record for future consideration.

Ms Williams—Could I take that into account in the review we are going to do of the process?

Senator MOORE—Okay.

Senator WONG—There are a range of questions on notice, the answers to which I have been handed now; some of which relate to advertising and other campaigns. I will want to look at these and come back to the committee to see if there are questions I would like to ask. I want to start by talking about advertising expenditure.

Senator Ellison—Mr Chairman, we are now in output 1, I understand.

Senator WONG—We are doing general questions at the moment, so we will do this cross-portfolio. If you want me to do the agencies separately, I am happy to do that, in terms of advertising, subject to—

Senator Ellison—Advertising is in output 1.

CHAIR—Are there any other general questions?

Senator WONG—There are.

Senator LUNDY—I do have general questions.

Senator Ellison—Perhaps we should do the general questions first.

Senator LUNDY—It does not suit me to do that.

Senator Ellison—It is the practice of other Senate estimates committees that we go through output by output. That is so that officials can be present for that.

Senator WONG—And I have indicated that, because you tabled the answers so late, in any event I am going to be asking people to stay until I have an opportunity to look at the questions, which were answered today. I am just asking some questions about advertising.

Senator Ellison—That can be done. It is a question, Mr Chairman, of—

CHAIR—Where you draw the line on general questions.

Senator Ellison—It just gives it some order, if you like, for the way we approach it with the officials who are present. Other committees do it that way. It is the way I have experienced estimates committees to operate.

Senator WONG—We have been here since Monday doing a range of portfolios and we have generally managed to deal with it appropriately. I can understand that if you are embarrassed about advertising campaigns—

Senator Ellison—No, I am not. I am more than willing to have the questions. But let us have them under the right area.

CHAIR—This committee does take a fairly broad view of what constitutes general questions. I appreciate that we do not want to bring the agencies, such as Centrelink and Medicare, in under general questions—that we should go output by output for those. I will just seek your guidance, Minister. Something such as the access card, we would consider as output 1. That is fair enough.

Senator Ellison—The access card is in output 1.

Senator LUNDY—I have a few general questions that I will go to, but I do not want to do that now. I have a program in my mind and I think the officers should be able to stay. They are pretty high-level questions and I will come back to them later.

CHAIR—So that we do not hold up proceedings any further, Minister, are you happy to take broad cross-portfolio questions as general questions?

Senator Ellison—We will certainly keep the officials connected with the advertising campaign back for as long as they are needed. There is no question about that. Senator Wong has mentioned that there are questions that she wants to have a look at before she asks those questions. That is not a problem. But I have said that general questions are just that. If you want to roll them both into output 1 and general questions, we can deal with that as a job lot and that makes it easier. CRS is quite a discrete, distinct area.

CHAIR—I think that might facilitate us proceeding if general questions and outcome 1 are considered together.

Senator LUNDY—Outcome 1 and output 1 considered together would solve our problem. Thank you, Chair.

Senator WONG—I turn to HS55. Ms Williams, from when were you secretary of this department? When did you take up this position?

Ms Williams—Two Mondays ago.

Senator WONG—So some of this will obviously have been at a time when you were not in charge. I will ask first about the active campaigns that are listed there. I assume that is no longer a comprehensive list, in terms of the time frame, and that this does not constitute the entirety of active campaigns?

Mr Popple—Could we check that, please? I think there might be some additional campaigns which have come out of the budget—for instance, the Murray-Darling Basin campaign came out of the budget.

Senator WONG—Let's go through this. I need some historical and current information. Can you tell me: what are the current active campaigns within the minister's portfolio areas? I do not know the most efficient way to do this. Do we just add to HS55—would that be the best way to deal with this—or go to HS61 which I received today?

Ms Williams—I understand that the drought campaign is the only one that the GCU has listed as active.

Senator WONG—I have HS55 and HS61 in front of me. Perhaps we can all get those. HS61 relates to HSA. Is HS55 the consolidated portfolio list?

Ms Williams—I understand that, in fact, three others came up in the budget, but the drought campaign is the only active one.

Senator WONG—Let's do this in order, shall we? Can you tell me a list of the current active campaigns within the minister's portfolio?

Mr Dolan—I am the First Assistant Secretary, Service Delivery Operations.

Senator WONG—Have you moved? Are you doing a different job now?

Mr Dolan—No. I have job capacity assessment as one of my branches.

Senator WONG—And you look after advertising too?

Mr Dolan—Some of it.

Senator WONG—I could think of something to say about that, but I am not going to.

Mr Dolan—You asked for a list of the campaigns that we are currently running.

Senator WONG—I want to do current active campaigns. We will start with that.

Mr Dolan—For the Department of Human Services it is the access card.

Senator WONG—I am looking at HS55.

Mr Dolan—Those campaigns are in addition to those listed on HS55.

Senator WONG—So these are additional active campaigns, additional to those listed on HS55?

Ms Williams—I think they are additional campaigns but not additional active campaigns, according to GCU. I think that is the answer.

Senator Ellison—We might just have to clarify because I can see where Senator Wong is making the point: is smartcard the access card as well? It is a good question.

Senator WONG—Thank you. What is the best way to deal with this? Who am I talking to?

Ms Hartland—The smartcard and the access card are the same thing, but it is not currently an active campaign.

Senator WONG—What is the best way to deal with this? The way I was proposing to proceed was to go through active campaigns if I know the expenditure date, because I assume that these figures are not up to date, and then I was going to ask for expenditure in relation to non-active campaigns. Are we happy to do it that way?

Ms Williams—Yes.

Senator WONG—To whom am I asking questions?

Ms Williams—It depends on which campaign but I think we will start with Mr Dolan.

Senator WONG—I would like to first go through the active campaigns. In terms of HS55, are the campaigns listed there a full list of the active campaigns within the minister's portfolio?

Mr Dolan—The three active campaigns we have at present are the access card, child support reform and drought.

Senator WONG—Do I understand from that that the remainder of the campaigns listed in HS55 are not yet active?

Mr Dolan—The other campaigns listed are not Department of Human Services campaigns. It does not mean they are not active; it means they are not being run by the department.

Senator WONG—I am sorry; I thought the question I asked related to the Department of Human Services. The answer has been provided which relates to a number of other portfolios. Is that right?

Mr Dolan—That is right.

Senator WONG—Does PM&C just give everyone the same answer or something?

Mr Popple—We just got the same list. We just got a standard list, of which not all applied to us.

Senator WONG—So all departments got a standard list from PM&C, did they? Did PM&C coordinate all answers in relation to advertising?

Mr Popple—Yes.

Senator WONG—With regard to the access card, which I assume is the smartcard as per Ms Hartland's indication, what is the current cost today of that campaign?

Ms Hartland—In terms of the access card information awareness program, it is \$1.274443 million. So \$1.27 million is the total cost of the advertising for that information awareness program.

Senator WONG—Can we disaggregate that a bit? What proportion of that is media? Or is that the media buy?

Ms Grundy—The media buy for that particular campaign was \$1,084,405. The advertising agency and production costs were \$190,038.

Senator WONG—So \$190,038 for creative costs.

Ms Grundy—That is correct.

Senator WONG—Is there market research in relation to that?

Ms Grundy—There has been market research undertaken throughout the past 12 months in relation to the information campaign. The costs for market research were \$977,398.

Senator WONG—So nearly a million dollars.

Ms Grundy—That relates to the total research undertaken to date, not just in relation to the information campaign.

Senator WONG—What is the time frame for that expenditure?

Ms Grundy—From August last year, 2006, to the present day.

Senator WONG—So from August 2006 to May 2007. Is it being undertaken currently?

Ms Grundy—There is still research being undertaken.

Senator WONG—Just under a million dollars was spent on market research in relation to the access card.

Ms Grundy—That is correct.

Senator WONG—Can you tell me who was the contracted provider for that?

Ms Grundy—ORIMA Research.

Senator WONG—Were you the contracting party—not you personally.

Ms Grundy—The department was, yes.

Senator WONG—This department?

Ms Grundy—DHS.

Senator WONG—For what period does the contract extend?

Ms Grundy—I am not sure when the contract expires but it definitely goes over into the next financial year. I would have to check how much further on it continues.

Senator WONG—Okay, please check that. When did it commence?

Ms Hartland—It was engaged by the department on 3 July 2006.

Senator WONG—What was the value of the contract?

Ms Grundy—I will have to get that information for you. The value of the contract was extended, but I cannot tell you the original value contract—

Ms Hartland—I have got it here.

Ms Grundy—The gazetted value, which is what you are after, was \$2.3 million.

Senator LUNDY—Did you say it had been extended?

Ms Hartland—That would include that.

Senator WONG—That would include the extension?

Ms Hartland—That is right. That is the gazetted value.

Ms Grundy—That is the total value.

Senator WONG—Would that be the adjusted figure then, given the extension?

Ms Grundy—Yes.

Senator WONG—\$2.3 million? What is the research for? What is the purpose of it?

Ms Grundy—With any communication campaign we would engage a market research consultant to undertake developmental research which would inform the development of the communication activity to make sure that the messages were properly targeted.

Senator WONG—That is a good answer, but your market research contract is double your current media buy. I am sure the government will be engaging in more media buy, but it just seems an extraordinary amount of money. What is the brief to ORIMA? What are the instructions to them? What are you trying to do market research on?

Ms Grundy—The brief to ORIMA Research was to undertake both qualitative and quantitative research to inform the development of a communication campaign that is to inform the development of the ongoing campaign, so part of that was contributed to the information awareness activity that was undertaken last November.

Senator WONG—This is all in relation to the access card?

Ms Grundy—That is correct.

Senator WONG—This is not my shadow portfolio area, and there are other senators here who know a bit more about it, but has the government action actually finalised its position on what the access card will do?

Senator LUNDY—No, it has not, and I am very interested to find out how you can spend all this money on marketing when you do not actually know what you are marketing, and you still do not know. So what was the brief and what were you trying to market?

Ms Grundy—The brief for which activity?

Senator LUNDY—For this ORIMA contract.

Ms Grundy—The brief was to undertake developmental research to inform a campaign strategy.

Senator LUNDY—But how can you do that if you do not know what you are marketing or campaigning on? There is no outcome on the access card as yet.

Ms Grundy—The activity is to gauge people's understanding of the card, their perceptions of the card, how they prefer to be communicated with and the messages that need to be communicated.

Senator LUNDY—How do you do that when you do not know what the card will do and what it will look like and how it will be deployed?

Ms Grundy—It is an ongoing process.

Senator LUNDY—I put to you that this company was contracted at a time when you had not actually worked out all of those things, and it has already been extended once. Does that mean they have done the work and then you changed your mind when it was unsuccessful in the parliament?

Ms Grundy—No.

Senator LUNDY—Well, what was the brief, given we still do not know what it is that you are marketing?

Ms Grundy—We are not marketing anything at the moment. We are just undertaking research to develop—

Senator LUNDY—Can you explain yourself, because what you are suggesting is that you are doing marketing to perhaps take some advice from this qualitative and quantitative research on what it ought to look like. Is it a surveying exercise to test what your policy ought to look like? What is going on here?

Ms Grundy—No, the research is strictly related to communication, not to policy.

Senator LUNDY—So: research on how you are going to communicate to the public an access card when you finally work out what that access card is going to look like at a later date—was that the brief?

Ms Grundy—Not in those exact terms, Senator.

Senator LUNDY—Well, tell me the exact terms.

Senator WONG—Perhaps I could break this down a little, with your indulgence, Chair. Ms Grundy, during the process of sending briefs to consultants, do you prepare a document which sets out the expectations? Presumably that is included in the contract, yes?

Ms Grundy—That is correct.

Senator WONG—On how many occasions has such a document been produced for ORIMA?

Ms Grundy—I do not have that information. I would have to check that.

Senator WONG—I am trying to work out if the parameters of what you were seeking from them altered over the period of the contract, to date.

Ms Grundy—No, the broad parameters have not changed.

Senator WONG—The original brief was for what? Do you have that information here?

Ms Grundy—I do not have the brief in front of me but, in broad terms, it was to undertake qualitative and quantitative research to inform the development of the campaign strategy.

Senator WONG—A campaign strategy in respect of a product the government has not determined yet.

Ms Hartland—It was certainly looking at the broad parameters of that. At first, it was information awareness, which was at a fairly broad level looking at aspects of the card.

Senator WONG—Information awareness of what?

Ms Hartland—We would have some examples of the initial information awareness campaign that was run from 9 to 26 November, which talked of the broad parameters of this card being a replacement for the Medicare card and a range of other cards. Some of the testing was about whether people see this as a positive thing or as the sort of thing they are looking for. I am happy to table the documents that came out of the information awareness raising campaign at that time.

Senator STOTT DESPOJA—Following on from those questions, I think you have preempted me. Maybe we can table some of those questions. Given the example you have used

of the potential for the card to be a replacement card for some of those government services to which you have referred—a la Medicare—I wonder whether one of the questions was, ‘For what other services or for what other purposes could the card be used?’ Were they the kinds of questions that were examined in a research environment? I think my colleagues might have been heading in that direction, but I was going to take advantage of the opportunity to ask you to table those questions.

Ms Hartland—We are very happy to table those. The initial lot of information took the form of a small pamphlet that went out to people, advertising in newspapers and things, which I am happy to detail.

Senator WONG—So what exactly are you tabling—examples or the totality?

Ms Hartland—We will table the pamphlets that went out so that you can see the broad pieces of information that are in there. The information awareness program comprised broadcast and print material that went out. It was about raising awareness about the card and to keep people informed about the progress of the card. Print and radio ads were placed in metropolitan, suburban, regional, non-English-speaking background and Indigenous media. I have a list of those, if that would be helpful.

Senator WONG—Thank you. Going back to the brief in relation to qualitative and quantitative research, what was requested in respect of qualitative research? Did you specify what you required?

Ms Hartland—We might have to take that on notice. I do not think I have the brief here.

Senator WONG—We are here for most of the evening, so if you are able to come back to us I would appreciate it. I would also like to know whether there were any specifications or expectations in respect of quantitative research.

Ms Grundy—We will get a copy of the brief so we can be accurate about it.

Senator WONG—Did you ask them to use focus groups to test the concept?

Ms Grundy—We have asked for a round of focus groups and also quantitative research, which has been being conducted bimonthly since November.

Senator WONG—The quantitative research is being conducted by whom?

Ms Grundy—ORIMA Research.

Senator WONG—The same company?

Ms Grundy—Yes.

Senator WONG—That has been conducted since December?

Ms Grundy—I am sorry, November, I think.

Senator WONG—November 2006?

Ms Grundy—Yes.

Senator WONG—What does that involve? What are you quantitatively surveying?

Ms Grundy—It is a phone survey with approximately 1,000 people in each sample.

Senator WONG—How many samples?

Ms Grundy—We have done them bimonthly, so we have just completed four.

Senator WONG—So that is 4,000?

Ms Grundy—Approximately 4,000 people.

Senator WONG—What are you asking them? What is ORIMA asking them?

Ms Grundy—Some of the sorts of things that we are looking at in terms of the lead-up to the registration process, for example, are around when they are registering for a card, their preferences and where they might want to register or not want to register. It might be around documentation in terms of ease of access to birth certificates and that sort of information—quite pragmatic and logistical types of information.

Senator LUNDY—How many of those survey groups have you done? You said that you have just completed four. How many have been done overall?

Ms Grundy—There have been four quantitative surveys.

Senator LUNDY—Overall?

Ms Grundy—Bimonthly, yes.

Senator WONG—So we have done media buy, creative content to date and market research to date. Are you able to disaggregate the media buy?

Ms Grundy—Yes. For the information awareness activity that was undertaken in November it was \$125,000; \$351 was spent on radio advertising; and \$952,507 on newspaper advertising. There was a cost of \$31,700 for production of brochures which were sent out in the Medicare mail-out and distributed through Centrelink offices. Those costs are inclusive of GST.

Senator WONG—Did you watch ECITA last night, did you? We had a very long argument about GST. How many brochures were produced?

Ms Grundy—I will have to find that information for you. I do not have that with me.

Senator WONG—You would have to find out?

Ms Grundy—Yes.

Senator WONG—Was this one of a number of runs or was this the only run?

Ms Grundy—That was the only print run.

Senator WONG—And that was included in the Medicare direct mail, was it?

Ms Grundy—That is correct.

Senator WONG—We were going through disaggregated media buy costs. You have given me information awareness. Is there anything else?

Ms Grundy—No, that is all.

Senator WONG—That is the only one, is it?

Ms Grundy—Yes.

Senator WONG—What is the total figure that will be spent on advertising campaigns for the 2006-07 financial year? I should go back. Do I have all of the access card campaign costs—advertising, marketing and creative content costs?

Ms Grundy—Yes.

Senator WONG—It is easier for me just to ask that. If I find out later that that was not true, we are going to have a big argument, right?

Ms Grundy—Yes, it is correct.

Senator WONG—Mr Dolan, can we go back to child support reform. Can we do the same thing in respect of that? What was the cost of that campaign?

Mr Popple—We do not have that detail. It is actually run by the Child Support Agency in conjunction with FaCSIA.

Senator WONG—Is it the same with drought?

Mr Popple—No, we have the drought information.

Senator WONG—Tell me about drought.

Mr Popple—To date we have spent just over \$3.1 million. Do you want me to break that down for you into the components?

Senator WONG—Yes, please.

Mr Popple—It is just over \$2 million on media placement, \$296,000 on research, \$650,000 on creative and another \$57,000 on staffing costs.

Senator WONG—It is \$650,000 on creative.

Mr Popple—It was \$651 on creative.

Senator WONG—What was the last component?

Mr Popple—It was \$57,000 on staffing.

Senator WONG—Staffing of what?

Mr Popple—Staffing within the department.

Senator WONG—Can you tell me what the media buy comprised?

Ms Barbour—Yes. Television was \$1.014 million; newspapers, \$970,000; magazines, \$107,000; radio, \$764,000; internet, \$116,000; NESB, \$37,000; Indigenous, \$23,000.

Senator WONG—Okay. These comprise the total of \$2 million, do they?

Ms Barbour—No, that is the total to the end of the financial year, the \$3.1 million media buy.

Senator WONG—That is to the end of 2006-07?

Ms Barbour—That is correct.

Senator WONG—For the access card, what amount is budgeted to be spent in the 2007-08 year?

Ms Barbour—For next year, it is \$2 million.

Senator WONG—What does that comprise at this stage?

Ms Barbour—We do not know yet, not at this stage.

Senator WONG—Have any contracts been entered into in respect of that expenditure?

Ms Barbour—We have got contracts for last financial year which go over the two years.

Senator WONG—With whom and in relation to which component?

Ms Barbour—We have got Open Mind Research, and for creatives we have got George Patterson Y&R and Eardrum. They are the two creative agencies.

Senator WONG—So you have a market research contract with Open Mind which extends over the two financial years.

Ms Barbour—That is correct.

Senator WONG—And you have creative content contracts with two other agencies—was it George Patterson and Whybin?

Ms Barbour—Eardrum does the radio—yes.

Senator WONG—And that is creative content. Does that also extend over the two years?

Ms Barbour—That is correct.

Senator WONG—What is the value of those contracts?

Ms Barbour—I have not got those figures with me at the moment.

Mr Popple—I can give you the breakdown of the expenditures to date, if you like.

Senator WONG—Well, you have given me \$650,000 on the creative already—I assume that is expenditure to date, or is that the budgeted amount?

Mr Popple—That is expenditure to date, but it is between two companies. Do you want me to break it down between the two companies, between Eardrum and George Patterson?

Senator WONG—Yes.

Mr Popple—George Patterson was \$604,000 and Eardrum was \$47,000.

Senator WONG—And that is for the creative content contracts over two years?

Mr Popple—That is the expenditure to date.

Senator WONG—That is the expenditure to date. What is the value of the contract?

Mr Popple—We have not got that information, sorry, Senator.

Senator WONG—You do not have that information?

Mr Popple—Not with us, no.

Senator WONG—You have given me the expenditure to date; what is the budgeted amount?

Mr Popple—As Ms Barbour indicated, for next year it is another \$2 million.

Senator WONG—But that is for the total. That is—

Ms Barbour—That is correct.

Senator WONG—media buy plus creative content plus market research.

Ms Barbour—Yes.

Senator WONG—Okay. Can we just recap, because I want to make sure I get this right. We have a drought campaign of \$3.1 million. We have a drought campaign for which the budget allocation for the two financial years 2006-07 and 2007-08 is what, \$5.1 million?

Mr Popple—For the two years it is \$6,700,000.

Senator WONG—So over 2006-07 and 2007-08 it is \$6 million?

Mr Popple—Yes, \$6,730,000.

Senator WONG—Okay. Actual expenditure to date is \$3.1 million?

Mr Popple—That is right.

Senator WONG—Your budget expenditure for 2007-08 is \$2 million, so what has happened to the \$0.9 million? That is between now and the financial year?

Mr Popple—That is right, and we anticipate we are not going to spend that full amount.

Senator WONG—You cannot give me disaggregated costs for 2007-08, but you can tell me that to date you have spent \$2 million on media buy?

Mr Popple—Yes.

Senator WONG—And \$296,000 on market research, \$650,000 on creative content and \$57,000 on staffing. Are there any other costs associated with the drought campaign that I am not aware of?

Mr Popple—No.

Senator WONG—I think we are going to the 2007-08 figures for the access card.

Ms Hartland—For 2007-08 it was \$8.3 million.

Senator WONG—This is cumulative on the figure you gave me previously of \$1.274 million?

Ms Hartland—The \$1.274 million was for the information awareness campaign.

Senator WONG—Shall we do it this way: the access card campaign's total budget for 2006-07—

Ms Grundy—The total budget for 2006-07 is \$5.5 million.

Senator WONG—For 2007-08?

Ms Grundy—That is \$8.3 million.

Senator WONG—In relation to the \$5.5 million, what was the expenditure to date?

Ms Grundy—As at 31 March, it was \$3.068 million.

Senator WONG—Of that, the media buy is \$1,084,405?

Ms Hartland—Correct.

Senator WONG—That is the total media buy in relation to that \$3 million?

Ms Hartland—That is correct.

Senator WONG—Plus just under \$1 million for market research and \$190,000 for creative content. Does that add up to \$3.06 million?

Ms Hartland—No. You will have the PR.

Ms Grundy—There are some public relations costs on top of that.

Senator WONG—What are the public relations costs?

Ms Grundy—As at 30 April 2007, it was \$400,460.

Senator WONG—Do you anticipate, in terms of your actual expenditure to date, that the \$5.5 million budget this year for that campaign will be exceeded?

Ms Grundy—No, we will not spend the \$5.5 million this financial year.

Senator WONG—Other than those contracts which have been discussed about the campaigns which have been discussed, has the department entered into any contracts with any other media firm, advertising firm, market research firm or firm in relation to creative content?

Mr Popple—Yes.

Senator WONG—Can you tell me about that?

Mr Popple—We are engaged around the Medicare EasyClaim campaign. Even though it is not an active campaign at the moment, we have spent some money on research and some other elements.

Senator WONG—The Medicare EasyClaim campaign is a non-active campaign?

Mr Popple—That is right.

Senator WONG—When is that scheduled to commence?

Mr Popple—It is due to commence next year.

Senator WONG—Next financial year?

Mr Popple—Yes.

Senator WONG—Has there been any media buy in relation to that?

Ms Barbour—No.

Mr Popple—No.

Senator WONG—What has occurred in relation to that?

Mr Popple—There has been some expenditure on research: around \$410,000.

Senator WONG—Was that for market research?

Mr Popple—That is correct.

Senator WONG—With which company?

Mr Popple—Blue Moon Research and Planning.

Senator WONG—These are the same people who are doing the climate change market testing?

Mr Popple—I am not aware of that.

Senator WONG—Or was it communications? They came up in estimates this week, but I am afraid I cannot remember which one. What is the value of the contract for Blue Moon?

Mr Popple—I do not have that information, sorry.

Senator WONG—Could you come back on that? When was it entered into?

Ms Barbour—A month ago.

Senator WONG—What do we have to come back on? There was something in your area wasn't there, Ms Hartland?

Ms Hartland—Yes, and I just wanted to make sure that you had a full list there. When we talked about the creative content before we did not go through who was involved with that so I just wanted to come back and give you that full list.

Senator WONG—Before we do that, was there something else you were going to come back to me with?

Ms Grundy—Yes, the number of brochures sent—800,000 approximately.

Senator WONG—Eight hundred thousand brochures?

Ms Grundy—That is correct.

Senator WONG—This is the Access Card, the production of 800,000 brochures—\$31,700.

Ms Grundy—That is correct.

Senator WONG—You were telling me about the Medicare Easyclaim campaign. So your contract with Blue Moon was entered into about a month ago?

Mr Popple—That is right. To date we have spent \$410,000.

Senator WONG—What was the brief or request to Blue Moon?

Ms Barbour—As Ms Grundy said, we did a similar brief. It was around quality and quantitative research to help us inform the development of the creative brief. We have asked them also to do some benchmarking for us before we run the campaign.

Senator WONG—What is the campaign proposed to be?

Ms Barbour—It is in relation to Medicare Easyclaim.

Senator WONG—Yes, but can you give me more detail about that?

Ms Barbour—It is in terms of seeking customers to say that you can now claim your rebate at a doctor's office.

Senator MOORE—How well established is that? Which budget did that come in, the Easyclaim one? I know I should know that, but I have forgotten. Which budget was the enhancement so that you can actually claim your Medicare payments at the doctors?

Mr Popple—It was announced earlier this year.

Senator MOORE—Earlier this calendar year?

Mr Popple—I think the money was in the previous budget.

Senator MOORE—I think it was in the last year's budget.

Mr Popple—It was not in this budget; it was in the previous budget. It was in additional estimates.

Senator MOORE—So at the end of last year.

Mr Popple—Yes.

Senator WONG—Easyclaim.

Mr Popple—Yes, there is also some expenditure on PR with Royce, and that is \$62,985.

Senator WONG—Which firm?

Mr Popple—Royce.

Senator WONG—I suppose in Rolls-Royce. Any media buy in relation to that campaign?

Mr Popple—That is expenditure to date on PROVIDE—is that what you asked for, Senator?

Senator WONG—Yes, what is the value of the Royce contract? You can come back with the Blue Moon and Royce contract value. What is the budget for media buy in relation to this campaign?

Mr Popple—There has been no media buy to date, and I do not think—

Ms Barbour—It has not been approved through—

Senator WONG—What is the budget for the campaign in total?

Mr Popple—In total, it is around \$14 million for two years.

Senator WONG—For which two years?

Mr Popple—This current financial year and the next financial year.

Senator WONG—So 2006-07, 2007-08. Effectively, you could spend \$14 million on an Easyclaim campaign between now and an election?

Mr Popple—The expenditure was anticipated to happen earlier than this but the rollout of the Easyclaim facility has taken longer than anticipated and that has pushed the campaign into next year.

Senator WONG—Next financial year?

Mr Popple—Next financial year.

Senator WONG—Who made the decision that market research, that is qualitative and quantitative research, is required?

Ms Barbour—It is GCU requirements.

Senator WONG—So the MCGC requested that?

Ms Barbour—It is part of their process when we run campaigns.

Senator WONG—When did this campaign go to the MCGC?

Ms Barbour—We have been a couple of times now. I can get back to you on the exact dates.

Senator WONG—All this year?

Ms Barbour—Yes.

Senator WONG—Tell me if this is correct: as a result of one of the times that this went to the MCGC, you were told to do focus group testing.

Mr Popple—What I think Ms Barbour was saying was that it is a standard requirement for all campaigns to have a market research component, and this was following that standard process.

Senator WONG—What other campaigns in the minister's portfolio area—leaving aside CSA, which I will do with the Child Support Agency—are budgeted for the 2006-07 and 2007-08 financial years?

Mr Popple—There is no more funded for this financial year, 2006-07. For 2007-08 the only additional one is for the Murray-Darling drought campaign. That is for \$1 million next financial year and \$1 million the following financial year.

Senator WONG—So it is \$1 million in 2007-08 and \$1 million in 2008-09?

Mr Popple—That is right.

Senator WONG—What is the Murray-Darling campaign, on the Human Services end?

Mr Popple—It was announced in the budget that Centrelink would be providing additional assistance to farmers in the Murray-Darling region, providing additional rural service officers, financial advisers and social workers. This campaign is part of advising them about what is going to be available. It is purely going to be a print media campaign, and as I said it is only \$1 million next year.

Senator WONG—Any other campaigns?

Mr Popple—No.

Senator WONG—So have I covered this question: for each department and agency in the minister's portfolio area, what sum was spent or will be spent on advertising campaigns in the 2006-07 and 2007-08 financial years? Have you got all that?

Mr Popple—I believe so.

Senator WONG—And have I covered this: what sum was spent on each advertising campaign?

Mr Popple—The only thing I would add is that we have also spent \$72,000 on the creative work on Medicare Easyclaim.

Senator WONG—Hang on; you have got \$410,000 on Medicare Easyclaim on market research, you have \$62,985 on public relations, and what more?

Mr Popple—\$72,900 to date on creative, with Grey Worldwide.

Senator WONG—And you are not yet able to give me a breakdown of the \$14 million?

Mr Popple—No; the campaign has not been approved yet.

Senator WONG—Is there anyone in the department who can tell me about the child support reform advertising campaign?

Mr Popple—Not here, Senator.

Senator Ellison—We can take it on notice, and if we can get anything by the end of the evening then we will get back to you. We might be able to contact an official and get some data.

Senator WONG—If you could deal with that, Ms Williams, I would appreciate it.

Ms Williams—Yes.

Senator WONG—And have I got expenditure to date for 2006-07 for all campaigns other than child support reform? I think you have told me what you say the purpose is.

Ms Hartland—Yes.

Senator WONG—Have you given me as much breakdown of the campaign cost, including the market—what I suppose you call below the line costs—plus media buy plus mail-out costs?

Ms Hartland—I think we have given you everything.

Senator WONG—I have asked this question about Medicare Easyclaim. When did the drought campaign go to the MCGC?

Ms Barbour—I cannot give the exact date, but it was towards the beginning of last financial year when we started that process.

Senator WONG—And what about the access card? When has that been to the MCGC?

Ms Grundy—That has been to MCGC on several occasions.

Senator WONG—Do you have the dates of that?

Ms Grundy—Yes, I do. On 4 July the MCGC selected Porter Novelli as the project's public relations consultant.

Senator WONG—That was as their PR—

Ms Grundy—They are the PR consultant, and they subcontract to Cosway Australia.

Senator WONG—Then?

Ms Grundy—On 13 September 2006 the MCGC selected George Patterson Y&R and Eardrum Pty Ltd to work on the information awareness campaign. On 28 February 2007 the MCGC selected Publicis Mojo, and that was for branding.

Senator WONG—What is branding? Is this what they are trying to do with Work Choices not being work choices? Is that debranding?

Senator STOTT DESPOJA—No, that is rebranding.

Senator WONG—What is the value of that contract?

Ms Grundy—The value of that contract is \$120,000.

Senator WONG—Do we have the other contracts? How much was the Porter Novelli contract?

Ms Grundy—The value of the contract was \$580,000 including GST.

Senator WONG—Have you given me GST inclusive figures for all of these, Ms Grundy?

Ms Grundy—The figures for the cost of the media by the research and creative that I provided earlier were GST exclusive.

Senator WONG—George Patterson etc and the information awareness campaign—you might have given me that already—the contract selection in September: how much was that again?

Ms Grundy—The Y&R one was \$150,000 and Eardrum was \$39,000, which came to that \$190,000 creative that you asked for, Senator.

Senator WONG—And I asked for the value of the contract.

Ms Grundy—I do not know whether you did but I will give them to you. The Y&R contract for \$202,484 is the gazetted value; Eardrum was \$42,400, and I think you have all the rest.

Senator WONG—You were telling me when this went to MCGC post 28 February.

Ms Grundy—Yes. Those were all of the selections that were made by the MCGC. Those were all the selections of consultants made by the MCGC.

Senator WONG—That was not my question. I asked on which occasions the access card campaign has gone to MCGC.

Ms Grundy—I would have to find information about the other meetings that we have attended. I can get that for you shortly.

Proceedings suspended from 3.44 pm to 4.02 pm

CHAIR—The committee will come to order. Just for planning purposes, Senator Moore has a couple of questions on advertising, Senator Lundy then has some general questions for the core department and then we will move to questions on the access card.

Ms Williams—Could we also make one clarification from this morning's evidence, Chair?

CHAIR—Thank you.

Mr Popple—I think Ms Hartland said that the access card was not an active campaign, but I think we said down this end that it was an active campaign. I would just clarify that it is not an active campaign at the moment. The expenditure was correct, but it is not an active campaign as classified by GCU.

Senator WONG—It has been active?

Ms Hartland—No.

Senator WONG—The information awareness campaign was an active campaign, no?

Ms Hartland—No, it was not.

Senator WONG—That was not a campaign?

Senator Ellison—You are going to ask why; I am too.

Senator WONG—Even your minister does not know why.

Senator Ellison—We will take that on notice because I would like to know why it was not classed as an active campaign as well.

Senator WONG—Even the minister is asking, so maybe someone can explain that.

Senator Ellison—We will find out as quickly as we can.

Senator WONG—When we come back to advertising after this, we will look at that then.

CHAIR—Are there any other answers to questions from earlier at this stage?

Ms Hartland—I can provide those other dates on which we meet with MCGC. In addition to the dates that Ms Grundy gave you, there was 10 October 2006, 17 October 2006, 14 November 2006, 16 April 2007—and I apologise as this is out of order—and 14 May 2006.

Senator WONG—That is out of order?

Ms Hartland—Yes, I am sorry.

Ms Grundy—That should be 2007.

Ms Hartland—I am sorry, 2007—14 May 2007. I tripped myself up.

Senator WONG—Is that all?

Ms Hartland—It is.

Senator WONG—Thank you.

Senator MOORE—Firstly, I would give you a reminder that we asked for the brief around the \$2.3 million contract in 2006-07 for market research on the access card. We were going to get the brief and the focus questions on that.

Ms Hartland—We are following up on that.

Senator MOORE—That will be fine. I have a structural question about advertising. Senator Wong has been going through campaigns in quite significant detail. I am trying to get my head around how Human Services does this work, because the department now has formed as a coordinating department and each of the significant agencies has a very large budget for advertising. I am trying to work out in my own mind how it works with Human Services. Who owns the work and who is responsible for taking it through the various levels of approval? I use, for example—because I know it best—Centrelink. We had a whole lot of information there about Centrelink campaigns. I want to find out at what stage what work is done and how it is actually taken through the system, just to get a sense of how many people are involved and who has the delegations and the say on a campaign.

Ms Williams—It really depends on the campaign. I will ask Ms Hartland to take you through.

Ms Hartland—In the case of the access card, that one is reasonably clear cut because the vast bulk of that money and all the campaign work around that is done centrally by DHS. Let me just get the figures for you. I am now looking at the whole program, so over the four

years. There is a \$47.3 million budget over those four years and I think \$40.7 million of that is in the DHS budget.

Senator MOORE—So DHS is responsible for the access card.

Ms Hartland—Correct.

Senator MOORE—How many people are doing the work in terms of the media and PR component? How many bodies in the access card unit or branch within Human Services are working on this process?

Ms Grundy—Currently, I think there are 18, but I will clarify that number for you.

Senator MOORE—Within the media component?

Ms Grundy—Within the communication campaign.

Senator MOORE—Does Human Services itself have a communication unit—that is, for Human Services, the core department?

Mr Popple—Yes.

Senator MOORE—How many people work there?

Mr Popple—Eight.

Senator MOORE—Do they have any relationship in terms of delegations with, say, the access card communications people?

Mr Popple—They work closely together. Both branches are in the core department.

Senator MOORE—Of the eight in Human Services, are they divvied up with some working with Centrelink, some working with the Child Support Agency, some working with Medicare? Is that how it is done?

Mr Popple—They primarily work on the campaigns which are running at the moment or preparing to run, or on other different aspects of communications. Do you want a more detailed breakdown?

Senator MOORE—Yes.

Mr Popple—Ms Barbour?

Ms Barbour—In the marketing and communications branch in DHS we are responsible for the Medicare Easyclaim campaign. The PR part of that is run out of Medicare. For the drought campaign, we have to look after the campaign component. The PR is run out of Centrelink. The Communications branch also looks after the corporate communications—annual reports, strategic plans—and we also facilitate communications below the line with the other agencies.

Senator MOORE—At what level is a decision made in the Medicare campaign, where there is some Human Services, some Medicare and some Centrelink? Where is the decision made? Who determines how many people and which people work on those things?

Mr Popple—The government makes a decision about where the campaign goes. How we divide it up is a decision made within the department.

Senator MOORE—I am trying to find out who has ownership of it. So Human Services has the ownership?

Mr Popple—In response to, like, the drought campaign, Human Services has responsibility for that campaign.

Senator MOORE—Even though it is a Centrelink program?

Mr Popple—It is promoting services in drought areas. It covers Centrelink, yes, but we have responsibility for it. The PR work is done now, but the final responsibility for the campaign rests with DHS. We spoke about the Murray-Darling one earlier; that money was allocated to DHS to run—appropriated to DHS to run.

Senator MOORE—Can I put on notice—and I have asked similar questions in the past: within each of the component agencies of Human Services, what is the staffing level of the communications unit or whatever it is called? Already there have been three slightly different variations of what they are called within the agencies, but I mean the area that used to be known as the PR and community liaison lot. I want to know how many people in Centrelink are working in that area, how many people in Medicare and how many people in the access card area—that kind of thing.

Ms Williams—Could I just clarify that the access card group of course is part of the core department.

Senator MOORE—Yes, but they have their own communications unit.

Ms Williams—I am also looking at how we can bring the whole department closer together. That is the case now, but we are working increasingly closer together to make certain that we have the efficiencies that we can get.

Senator MOORE—Which is exactly where my questions are coming from in terms of the process. In this estimates process, over a couple of years we have talked about the coordinating role of Human Services. Already in the example of the Medicare PR, there are people from a range of different areas working on it, which could be the way to go—but can I get that information for the various communication areas? Also, in terms of each of those areas, how many people are whatever the current terminology is for someone who is a journalist—are they called public affairs officers?

Mr Popple—Yes.

Senator MOORE—How many of the people in those various areas are public affairs officers in terms of that background?

Mr Popple—We will have to take that on notice.

Senator MOORE—Thank you.

Senator LUNDY—Why is it that the department handles some of the Centrelink campaigns but not others?

Mr Popple—They are not Centrelink campaigns; they are campaigns advising Australians of different services. We are only talking about two, really. We are talking about the drought one, which goes a bit broader than Centrelink. It is about a call to action. We were asked by the government to run that campaign. The other one we are talking about is the

Murray-Darling one. Again, even though the services are going to be delivered by Centrelink—and it has not been designed yet—it is about overall government assistance in that area. It is just, I think, a decision by the government.

Senator MOORE—So why would a Centrelink campaign, such as *Age Pension News*—I am going to be asking questions later about the fraud and compliance process. There has been quite a bit of recent media activity around ‘knowing your rights’ and so on, which is clearly branded ‘Centrelink’.

Mr Popple—That is right.

Senator MOORE—But does Human Services, your eight people, have any role with Centrelink, working with them professionally, bouncing ideas off them, seeing what works best—even for economies of scale? There is a fraud campaign from Centrelink at the moment; how would that link in if you were also doing ‘know your rights’ and Medicare? What is the professional relationship between the various units?

Ms Williams—The department has the overall, if you like, coordination and policy innovation role, and of course fraud is a very important thing for this department so we work with all the agencies, including the two that are actually in the department, on trying to eliminate fraud. So we are the coordinator; we encourage innovation, we encourage cross-fertilisation.

Senator MOORE—Specifically on the PR role?

Ms Williams—On anything. You mentioned fraud and I think fraud is far more than PR. It is one of the things that we really are trying to—

Senator MOORE—Sure, but my question at the moment is specifically about the media interaction and the community interaction. Recently, there has been a series of TV advertisements about getting your right entitlements from Centrelink. That has been going on and off for a year or so—the same kinds of ads.

Ms Williams—Ms Barbour might be able to add to this.

Ms Barbour—That ad is not one of ours. It is actually a DEWR campaign, I think.

Ms Grundy—A number of the policy agencies run campaigns or have responsibility for campaigns for which Centrelink will deliver the services. I am not sure which one you are referring to.

Senator MOORE—Okay. Kill that one if it belongs to DEWR. What about *Age Pension News*?

Mr Popple—That is not a campaign.

Senator MOORE—It is a media product which traditionally has been linked with Centrelink. How many people work in that part of Centrelink, the journalist or whoever? Is there any interaction with any of the eight people in Human Services, as that is coming out from an agency within the Human Services structure? Is there professional interaction about that product?

Mr Dolan—*Age Pension News* is a business as usual publication within Centrelink, so we do not have any interaction with Human Services.

Senator MOORE—No sharing of resources, no people working on it, no crossover?

Mr Dolan—No, because it is a business as usual function within Centrelink.

Senator MOORE—Can you help me out with the term ‘business as usual’—is that a technical term?

Mr Dolan—No, it is not. It is just to describe the fact that it has been published for many years. I think it is called *News for Seniors* now.

Senator MOORE—That shows my age in terms of the process!

Mr Dolan—It has been run for many years and it is an ongoing function, so there is no need for input from the department on that. So there is no departmental input into it.

Ms Williams—Could I just add that we do have ongoing and very detailed contact with, say, Centrelink and we have quite important monthly meetings with them and things come up and we discuss things right across the board. So, whereas Mr Dolan is quite right that we do not get involved specifically in something that has been ongoing, we do discuss these things right across the board. We are the coordinators, and if there is something that we can learn from that for the other agencies then we use that to learn.

Mr Popple—At the more precise communications level there is a monthly meeting between DHS and the communications areas in the agencies as well—

Senator MOORE—So there is a monthly interaction?

Mr Popple—Yes, just to check out how things are going and to touch base and that.

Senator MOORE—Does there need to be clearance from Human Services before a communications product is released by, say, Medicare?

Mr Popple—Briefings to the minister come through the Department of Human Services at this stage and we have some input on its way through to the minister.

Senator MOORE—So if a communications product is created for Medicare—I will use Medicare so I do not get myself into too much mess—it would go through the process but it would actually go to the minister via Human Services?

Mr Popple—As do all briefs.

Senator MOORE—What about *Age Pension News* or whatever it is now?

Mr Popple—Any new publications which require ministerial endorsement would go through DHS.

Senator MOORE—It would go through DHS?

Mr Popple—I am not trying to make a special case for communications. What I am saying is that all briefs on that go to the minister via DHS. The amount of comment on that would depend from brief to brief.

Senator MOORE—Thank you.

Senator LUNDY—I have a bit of a general inquiry here. It relates to the PR functions of the various agencies that come under DHS. If one of your agencies were to host an event or a

celebration, what would the protocol be for inviting local representatives of parliament to that function?

Ms Barbour—They would discuss that with us as well as the minister's office, and the minister's office invites the members.

Senator LUNDY—So in the case of Australian Hearing Services' 60th celebration in Cairns, are you telling me that the minister would have approved the endorsed Liberal candidate for Leichhardt as the host for that event?

Ms Williams—Could we take that on notice, because that is a very particular question. I am not sure that we can—

Senator LUNDY—From the answer I just got it seems to me that those sorts of things do go up to the minister, so perhaps you could tell me whether or not you are aware of that situation. Australian Hearing Services invited lots of people to its 60th birthday in Cairns and on the invitation it actually says 'Mr Charlie McKillop, endorsed Liberal candidate for Leichhardt'. Is that common practice?

Ms Williams—That is very specific and we do not have Australian Hearing here. Could I take that on notice and get back to you?

Senator LUNDY—Yes, but could you just confirm with me that it is not normal practice?

Senator Ellison—What was the date of the function?

Senator LUNDY—The date of the function was Monday, 18 June. It has yet to happen.

Ms Williams—If we could get back to you on that.

Senator LUNDY—Yes. Minister, can I ask you: is it normal practice to have endorsed Liberal candidates hosting functions of agencies of DHS?

Senator Ellison—Normally a member of parliament or senator—when I say member of parliament, I mean a member of the House of Representatives or a senator, or the minister.

Senator LUNDY—Obviously they would approach members of the government first. But can you confirm with me that in the absence of the member, which I presume in this case would be Mr Entsch, your next port of call would indeed be senators of the federal parliament in that region? Wouldn't that be normal protocol? I am just asking for normal protocol here, and I am sure the department could advise me.

Senator Ellison—It can vary. It might not necessarily be senators in the region or a member; it could be the chair of a government committee who represents the minister. For a number of reasons if someone is not available another member of parliament is chosen. But we will look into that and we will take that on notice.

Senator LUNDY—Surely, where the agency is hosting an auspicious event like a 60-year celebration, all members of the federal parliament who live in or around that region would be issued an invitation.

Senator Ellison—I will take that on notice. Normally you do not necessarily look at who happens to live there; it is a question of who represents the area or who is—

Senator LUNDY—In the case of senators representing the state of Queensland, it is pretty obvious who lives in and services the Cairns area. Obviously, there are Senator Ian Macdonald and Senator McLucas.

Senator Ellison—A lot of these functions are run locally by the local member, but I will take that on notice and we will get back to you.

Senator LUNDY—I would appreciate that. I would like a list of exactly who was invited to that particular function and precisely who made the decision to tick off an endorsed Liberal candidate to host that function on behalf of the government. To me, that is an appalling breach of protocol. I would like to check this from your answers to questions on notice. but I do not believe that Senator Jan McLucas was invited to that event.

Senator Ellison—With the hosting of these functions, there sometimes could be an official from, say, Hearing Services or the agency involved with Hearing Services. I think members of the board have done some. When I say that it is invariably a member of parliament, it can be officials; it can be officials of or a member of the board of Hearing Services.

Senator LUNDY—But not endorsed Liberal candidates. Surely you are prepared to concede that.

Senator Ellison—I will take that on notice and get back to you.

Senator LUNDY—Do you think it is proper process for an endorsed Liberal candidate to have that role?

Senator Ellison—I have said that I will take the question on notice, Mr Chairman, and get back to the committee.

Senator LUNDY—You must have a view on it. I would have thought the answer would be no.

Senator Ellison—Senator Lundy, you put to me a question and I will take it on notice.

Senator LUNDY—I would have preferred a statement of principle, at least. I would have thought you were in a position to do that. I can imagine the bleating that would occur if an endorsed Labor candidate were to do anything like that.

Senator MOORE—Minister, perhaps we could find out—if there is not a threshold ‘yes’ or ‘no’ answer to that question—whether there are any other cases where endorsed candidates have hosted functions.

Senator LUNDY—Whether, in an election year, there are any cases of inserting endorsed Liberal candidates in the place of sitting members.

Senator Ellison—Mr Chairman, I have taken this question on notice.

Senator LUNDY—Please take that extra question on notice.

Senator Ellison—The preliminary advice I have from my office is that we were not notified of this, but I will take it on notice.

CHAIR—Thank you, Minister.

Senator LUNDY—Turning to the PBS, I have a couple of questions about these papers. In particular, I refer to page 38 and the financial assets of DHS. It appears that the department

owns nearly \$50 million worth of land and buildings. Can you tell us whether that is correct and, if so, describe the assets? What property are we talking about?

Ms Williams—Mr Dainer will answer this question, remembering that the department involves the Child Support Agency and CRS Australia.

Senator LUNDY—I know, but I have looked at the other agencies and their asset-listing numbers far exceed \$50 million, I can assure you. I am not sure what this figure does or does not incorporate, because each agency lists its own properties and assets. Another page lists the core assets of the core department as well and that has a different figure of \$280,000. I am confused.

Ms Williams—Yes. Mr Dainer will take you through it.

Mr Dainer—Page 38 is a consolidated balance sheet for the Department of Human Services. That includes the core Child Support Agency and the Commonwealth Rehabilitation Service. On page 50, we have the core department balance sheet. The contribution of the core department to the \$47.468 million is \$280,000.

Senator LUNDY—So the remainder of that relates to CRS and the Child Support Agency?

Mr Dainer—Yes. The amount of \$38.782 million relates to CSA and \$8.4 million relates to CRS.

Senator LUNDY—What is the \$280,000?

Mr Dainer—It is fit-out.

Senator LUNDY—What is covered by ‘intangibles’ of \$28.6 million for 2006-07, which is on page 38?

Mr Dainer—Yes.

Senator LUNDY—What does that cover?

Mr Dainer—Essentially, that is for software. Again, that is a consolidated number, which includes core CSA and CRS.

Senator LUNDY—Can you give me a breakdown, please?

Mr Dainer—Core is \$1.667 million, CSA is \$25.2 million and CRS is \$1.7 million.

Senator LUNDY—Going to page 50 and looking at the breakdown of ‘intangibles’, can you tell me why there is an increase in intangibles from \$1.6 million to \$86 million in the next financial year?

Mr Dainer—That is when the procurement activity associated with the access card kicks in.

Senator MOORE—Is that still mainly software?

Mr Dainer—Yes.

Senator LUNDY—There is an increase for core department land and buildings from \$280,000—which you said was fit-out—to \$1.390 million.

Mr Dainer—Yes.

Senator LUNDY—What is that increase?

Mr Dainer—That relates to the fit-out project for our existing accommodation.

Senator LUNDY—So the \$280 million was the beginning of that fit-out—

Mr Dainer—Yes.

Senator LUNDY—and the 1.3 is the rest of the fit-out. Please tell me if I am correct.

Mr Dainer—We are proposing to fit out some premises shortly, so there will be a fit-out cost associated with that. The other amount is a depreciated value of the fit-out that we currently occupy.

Senator LUNDY—So the \$1.3 million is fit-out of new premises. So where will they be? Where are you moving to?

Mr Dainer—We are expanding in our current accommodation.

Senator MOORE—Human Services is only located as Human Services in Canberra, isn't it?

Mr Dainer—Yes.

Senator MOORE—So the \$1.3 relates to increased accommodation in your current building?

Ms Williams—The core, yes.

Senator LUNDY—Why are you expanding?

Mr Dainer—Because of the access card.

Senator MOORE—It is a growth industry.

Senator LUNDY—I am sure that I have questions about the human resources you are adding in that you need more space as a result of the access card, but can you tell me while we are here?

Mr Dainer—Yes. At the bottom of page 29 we have our ASL numbers. The estimated actual ASL for 2006-07 is 180 and the projected estimate for 2007-08 is 230. That growth is all related to the access card.

Senator LUNDY—'Core department 180 to 230'. So that would be an extra 50 people?

Mr Dainer—Fifty ASL, yes.

Senator LUNDY—When are they going to be employed—in the next financial year?

Mr Dainer—They are currently being employed. These numbers reflect the low entry point into this financial year and a higher exit point, so the average is lower than the exit point. The 230 is the number that we would average for next year.

Senator LUNDY—How many people did you say that you are taking on?

Mr Dainer—There will be an extra 50 ASL.

Senator LUNDY—Will there be any others?

Mr Dainer—We accommodate contractors as well.

Senator LUNDY—How many do you estimate, as far as bodies go—humans?

Ms Hartland—In terms of the access card space, it varies depending on the tasks and the times, so we have to make some estimates about the actual places that we need. I might come back to that after digging out the figures.

Senator LUNDY—Is it 50 people, 100 people or 200 people?

Ms Hartland—I will just get the figures for you.

Senator LUNDY—Thank you. While we are doing that, can you explain the massive increase in the intangibles and show me where else I could find the number on the estimated cost of the increase of the IT and software associated with the access card. I have not seen that figure anywhere else yet.

Mr Dainer—If you look at page 54 of the PBS, it is a summary of movement of departmental property, plant, equipment and intangibles. There is a line there for intangibles. So we have the starting point, accumulated depreciation then the additions.

Senator LUNDY—Yes. So, \$85 million—is that the expected cost of software associated with the access card?

Mr Dainer—Yes.

Senator LUNDY—Are the contracts for that being put out to tender?

Mr Dainer—Can I just point out that that is an estimate?

Senator LUNDY—Sure. That is why it says estimate.

Senator STOTT DESPOJA—Can I just clarify there? You are talking about the \$85.9 million in intangibles. That additional funding is related to the intangibles for the access card only. I just note that, in the portfolio statement where it says ‘increased capital spent on intangibles within the core department for health and social services access card’. I just wonder whether it is possible to break it down even further in terms of specifying what is for the access card and maybe for other purposes. But it seems primarily to do with software.

Mr Dainer—Yes. It would be some hardware, but this will depend upon the procurement process.

Senator STOTT DESPOJA—Right, but not consultancy or anything like that in terms of definition of—

Mr Dainer—This will be the acquisition cost of assets.

Senator STOTT DESPOJA—That is what I presumed.

Senator LUNDY—I know we have lots of questions on the costs associated with the access card, so I will not dwell on that. I just wanted to see where it emerged in the papers.

Senator MOORE—The main building Human Services works out of in Canberra—is that leased or owned?

Mr Dainer—Leased.

Senator MOORE—Okay.

Senator LUNDY—Okay. Thanks. I am happy to go to general access card questions now. We all have some.

Senator NETTLE—We did not get an answer back about how many people were going to be put in the new part.

Ms Hartland—In terms of the space that is allowed for contractors, it is to allow space for around 50 contractors.

Senator NETTLE—Fifty new ones coming in?

Ms Hartland—No, just space for 50, not 50 new—

Senator NETTLE—Space for 50.

Ms Hartland—Yes. Some are there at the moment, some will go and some will come.

Mr Popple—Chair, I have the answers to some questions on advertising before we move on to the access card. Do you want me to convey them now to you?

CHAIR—Thank you.

Senator MOORE—I will try to write them all down for the senator.

Mr Popple—Senator Wong asked about the value of various contracts. I have the information. I will just run through it. The Blue Moon contract—

Senator MOORE—Do you have this written down? Do you have a piece of paper you can give to me rather than me writing it down?

Senator Ellison—We'll type it up.

Senator MOORE—That would be very good. I think that is a lot easier. Just the little bits I am allowed to see—that would be good. Thank you.

CHAIR—Senator Stott Despoja.

Senator STOTT DESPOJA—Perhaps we could start with some of those budget questions and we can tag team.

Senator LUNDY—Yes, and I was just going to say that we have got an answer to a question on notice relating to the core department only, IT and software related costs, so I presume we can deduct that from the \$85 million. There is half a million dollars there, so can we take it that \$84.5 million will be directly related to software costs associated with the access card?

Mr Dainer—Yes.

Senator LUNDY—And can we get a breakdown of the IT costs on the access card, given that that is not currently within this suite of answers we received today on IT costs across the core department and other agencies?

Mr Dainer—Yes, we can do that on notice.

Senator LUNDY—Can you do it now?

Mr Dainer—I do not think so.

Senator LUNDY—Can you start and we will come back to it?

Ms Hartland—In terms of the software, it is about provisioning for software, so the specifics around that will not be available at this time. So it is about sort of provisioning for the program.

Senator LUNDY—Yes, I know; it is about a budget estimate, and that is really what I am looking for. If there is no set contract price yet—and I would hope not, given that it has not passed parliament yet—

Ms Hartland—No, that is right.

Senator LUNDY—But I would expect there to be some budget estimates in each of the categories of infrastructure, software, hardware, operating costs, systems management, systems integration.

Ms Hartland—We will look at breaking it down into as much detail as we can at this time—but you are right, because there is no contract signed and no specifics around those. But we will look at it in those broad areas and take it on notice.

Senator LUNDY—Is it possible to get some of those figures tonight?

Ms Williams—We will see what we can do.

Senator LUNDY—Thanks.

Senator STOTT DESPOJA—Maybe we can come back a step. I am curious to get a bit of a breakdown as to what is happening with the funding generally for the access card, based on the budget statements. Thankfully, we have dealt with the increased costs in relation to the intangibles. But, even going back a step further, according to the papers:

The increase is principally due to increases in appropriation funding (\$173.0 million) for the Health and Social Services Access Card and Child Support Reforms measures and new measures announced for the Budget.

I wonder whether you can give us an idea of how much of that is new money or if it has been transferred from elsewhere, and maybe give us an idea of projected budget estimates and how on track they are. I am conscious of the fact that the KPMG report, the original one, of course, was over budget. But, if we start with that \$173 million, if you can perhaps give us an idea of—

Ms Hartland—I am going to pass that back to Mr Dainer. But, just at a broad level, you are correct that there is no actual increase in the budget. It is about where it sits between years and those allocations. So the initial budget of \$1.089 million remains the same and has not altered. So there is no increase in the budget. Mr Dainer can fill in the gaps.

Mr Dainer—In the \$173 million, which is the increase in appropriation for DHS between 2006-07 and 2007-08, there is an increase of \$62.925 million for the core department and an increase of \$109.942 million for CSA. If we look at the \$62.925 million for the core department, there is an increase of \$67 million for the access card but there is a negative for the core department of minus \$4.2 million. If I move to the access card itself, it will be going from \$50.305 million—this is in departmental expense appropriation in 2006-07—to \$117.442 million in 2007-08.

As Ms Hartland mentioned, there is no change to the total project budget. The original budget was for \$1.009 billion in expense funding and \$80.587 million in capital funding. That funding was spread over four years and it was spread over five agencies. There was a change in the project management approach which meant that more money was moved into the core department, and that was reflected in additional estimates. There was \$36.7 million that was moved from Centrelink and Medicare this year into the department on an expense basis and there was \$34.4 million—you have that bit—which was transferred to the department on the capital front.

There were then a number of further drivers behind changes to the allocations, including a movement between expense and capital. That was of the order of \$44 million. That was moved as a result of lapsing. If I can do this in a sort of sequence. We had AEs. Then, because the project budget is a total and there are issues about moving between years as there is more information about progress and whatever, there was money moved out of the agencies—and when I say that, I mean Centrelink and Medicare—into the core department this year, but not all the money that those two agencies had this year was moved out. There was an amount that was not required this year. So it was lapsed and moved into later years.

Essentially, that money went into the department and then there was a movement between departmental expense and departmental capital. Then there were further changes to Centrelink and Medicare's numbers in the out years 2007-08 and beyond, as a result of the procurement strategy being progressed. That saw a net \$44 million. It was actually \$93.9 million from Centrelink and \$189 million from Medicare, most of it was put into DHS expense—that was \$238.7 million—and the rest was put into capital. Then there was an impact from the change in timing of legislation and that saw \$115 million moved to the out years.

Senator LUNDY—Can you give us the piece of paper that you are working from? I am having trouble trying to write this down.

Senator STOTT DESPOJA—A lot of those figures I am familiar with, except for some of the latter figures that are being moved.

Mr Dainer—I will get to the numbers reflected in the estimates PBS. There is \$964.6 million in expense funding over five years, from 2006-07 to 2010-11; \$516 million in DHS; \$266.6 million in Centrelink; \$167.2 million in Medicare; \$14.15 million in DVA; and \$0.26 million in FaCSIA. Capital funding is \$125.29 million over four years, of which \$91.6 million is in the core department, \$14.9 million in Centrelink, \$15.3 million in Medicare and \$3.4 million in FaCSIA. That is the current allocation of funds.

Senator LUNDY—Where can we find that in the budget papers?

Mr Dainer—They are reflected in agency estimates. They are not specifically—

Senator LUNDY—Can you provide a table that updates those figures across each of the out years?

Mr Dainer—They are reflected in the forward estimates.

Senator LUNDY—Which page though? Are they all together?

Mr Dainer—The access card is not a line item, because that is part of output prices.

Senator LUNDY—But I am asking you whether you have a table showing departmental expenses, capital expenses across the out years in each of the agencies and the core department and the subtotals and totals thereof—a ready reckoner, if you like.

Ms Williams—We will get you a table that shows that.

Senator STOTT DESPOJA—There is not one that exists that is certainly—I was going to say ‘that simple’, but I might be careful in reflecting on your explanation as ‘simple’, Mr Dainer.

Senator LUNDY—There was a table of that nature published in last year’s budget, so it would not have been too hard to publish one in this year’s budget. We would like one now.

Mr Dainer—That was as a measure.

Senator LUNDY—That is right. We are after the same information but updated.

Ms Williams—We can give you that. But the format of the yellow book does not provide it year-on-year; it provides it when it is first introduced as a measure. But we can give you that updated information. We will give you a table.

CHAIR—Just to clarify, originally that was in the measures document, was it?

Mr Dainer—Last budget.

Ms Williams—It was, last budget.

CHAIR—And a measure only appears in the measures document in that form when it is first introduced?

Mr Dainer—That is right.

Ms Williams—Yes.

Senator STOTT DESPOJA—The thing I was most interested in was the \$36.7 million and the \$34.4 million that was extra funding or funding that had been moved—so, a total of \$71.1 million. I was trying to work out and clarify whether that was additional funding on top of the original amount.

Mr Dainer—No.

Senator STOTT DESPOJA—You have answered that for me. I am not sure whether it was just me; I think there were a number of other people who were having difficulties in determining whether there was additional money in this year’s budget and appropriations. So I am happy with that answer. I am sure there will be a few other questions based on some of the other specifics that you will provide to us, and a table would be much appreciated. I am not sure if other colleagues have specific questions—maybe about clarifying the \$36.72 million transferred from Centrelink and Medicare. I presume that the impact of that is that those particular budget areas have had a reduction as a consequence. That is it. Now it is all starting to add up. Thank you very much.

Mr Dainer—It was reflected in the PAES process.

Senator STOTT DESPOJA—I am sure I am not the only one who found the budget papers confusing as to whether or not there had been an increase in funding and not just movement around of funding in relation to the access card. If colleagues want to pursue

budget questions in relation to the access card, I have a number that I am also happy to put on notice or come back to. But I was going to ask about an answer to a question I put on notice, HS7, for the department in relation to biometric information. Are my colleagues happy with me moving to that first?

Senator LUNDY—Sure. Can I just ask how long that table will be? If I can have that as a reference point for further questioning when we go to the budget related stuff, that would be useful.

Senator STOTT DESPOJA—It was about facial biometric data matching systems and—

Ms Hartland—other experience in this area in other countries, yes.

Senator STOTT DESPOJA—That is right—I have it on computer but not on hard copy—comparable mass storage of biometric photographs. I am just a bit concerned about the response given. In the answer there is a reference to a number of other places, but I was specifically concerned about the Taiwanese example because, while that card has a photo on its surface, according to the work that I was able to do—in terms of having a look at frequently asked questions or questions asked of the manufacturer—the manufacturer does not make any mention of a biometric photo or facial recognition technology in relation to this card. The Taiwanese government's own FAQs on this refer only to some fairly flexible requirements for what appears to be a hard-copy photo supplied by applicants—so, unsuitable for facial recognition technology. I wonder whether there is any follow-up on my question, which cost the department 10 hours of work and \$538, I am reminded! So I wonder whether you are still comfortable with the Taiwanese example.

Similarly, you talk about biometrics on the website of the Office of the Access Card—and you probably know it off by heart. Under 'Technology', you talk about 'Biometrics and your photo'. Then there is a bit about 'Biometrics and twins'. Then there is that heading that says 'Based on tried and tested smartcard technology'. It goes on:

This technology is increasingly being used around the world by banks ...

It does not specify which technology, just says 'this technology', following on from biometrics and facial recognition stuff. Then it goes on to cite three examples—the Taiwanese example, the Lombardy region of Italy and its multifunction government and health services smartcard, and then the Austrian smartcard.

I have gone and looked at some of these examples. The Austrian welfare smartcard agency has told the Australian media that their project was rolled out without biometrics, for example. Their rationale for that was apparently in order to retain public support, save money, time et cetera. I have mentioned the Taiwanese example. The Italian example has no photo apparently on the surface of its card, and certainly one of the presentations I was able to find about the Italian system by the Lombardian regional government makes absolutely no mention of biometric photos.

Now, I just wonder whether you are still comfortable with that answer you provided to me. I understand that there is a distinction between smartcard technology and the biometric facial recognition. But that is what I wanted, that is what I was interested in, and I am not comfortable that that is reflected in the answer from the department.

Ms Hartland—We will have to go back and seek some specific advice on those. I know that Ms Johnson has some additional material there that also might be useful in this phase. But I think we need to just go back and check the issues that you have raised in those examples. I do not have that information with me. Do you want to go to some of those other examples there as well or would you just prefer us to check on these?

Senator STOTT DESPOJA—Which is the least expensive option for the Australian taxpayer? Now that I have been told I am costing you—

Ms Hartland—We have some information here in terms of biometrics and biometrics programs that are used, so we could add to that as well—

Senator STOTT DESPOJA—That would be useful.

Ms Hartland—but I am not ignoring the request that you have made. We will seek some further advice there.

Senator STOTT DESPOJA—I want to clarify too that I am conscious of the fact that, in saying ‘tried and tested technology’, you may be referring to smartcard technology.

Ms Hartland—And confusing it too.

Senator STOTT DESPOJA—But I strongly suggest to the department that, with the way this website is presented and written, it is incredibly misleading.

Ms Hartland—We will check and come back on that.

Senator Ellison—Mr Chairman, in future we will not be putting costs on hours for questions.

Senator STOTT DESPOJA—Brownie points for this minister!

Senator LUNDY—Is it possible to get that table of the updated costs for the access card over the out years?

Ms Williams—We are working on it.

Senator LUNDY—Can we have it before or by dinnertime?

Ms Williams—I do not know, but we are working on it.

Senator LUNDY—Please keep us posted.

Ms Johnson—We will clarify those two questions that you raise. A number of additional large-scale biometric programs include a number of United States drivers licensing programs. I have a list of them here. Texas, for example, has a biometric database of approximately 20 million images. Colorado, similarly, has a database of approximately 10 million images; from that, it detects about 20 cases of fraud per month. The Kansas department of motor vehicles has a database of approximately 6.6 million. The Visa Waiver Program of the United States Department of State has a database of approximately 30 million images, and facial recognition has been used to detect in excess of 5,000 duplicates. In Australia, our own Department of Foreign Affairs and Trade has a database of approximately six million portraits. They are all biometric systems.

Senator STOTT DESPOJA—I asked—separately, in a sense, but at the same time—about the storage of biometric data as well as national governments that were using comparable

systems. I am happy to get more information on that, but just the initial reading of the website to me would be—

Ms Hartland—We will look at that as well.

Senator Ellison—Mr Chairman, if it is convenient, we do have an officer who can give evidence on the Child Support Scheme reform communication campaign, which was asked about earlier. If this is a convenient point, we can call that officer now.

CHAIR—Thank you, Minister.

Senator WONG—Ms Palmer, can you tell me about the campaign that is being run by the Child Support Agency?

Ms Palmer—The Child Support Agency is managing a campaign for the Australian government in relation to the scheme changes. The campaign is worth \$36.1 million over five years. Approximately \$10 million of that is for media buy; \$7.6 million is allocated for customer service officers to handle increased calls generated by the campaign.

Senator WONG—Is that for new staff there?

Ms Palmer—That is for staffing—specifically, customer service staff. Of that, \$3.7 million is for CSA staff and \$3.9 million is for Centrelink staff, as there are family tax benefit changes incorporated in the scheme reforms.

Senator WONG—So that is the break-up of the \$7.6 million?

Ms Palmer—Yes, the \$3.7 million and the \$3.9 million. The remainder of the money mainly pays for communication tools and mail-outs to customers, including a very large mail-out by Centrelink to the family assistance customers, of which there are many. There is \$1.8 million over three years for FaCSIA—the Department of Families, Community Services and Indigenous Affairs—to fund advocacy groups to provide communication to their constituents.

Senator WONG—Can we just break this up a bit? So the total cost of the campaign is \$36.1 million over five years?

Ms Palmer—Yes.

Senator WONG—Of that, \$10 million is media buy, \$7.6 million is staffing. The remainder, which is \$1.8 million, is for what?

Ms Palmer—There is \$1.8 million for advocacy groups over three years.

Senator WONG—Is that \$1.8 million for each year over three years?

Ms Palmer—That is in total over the three years.

Senator WONG—What else?

Ms Palmer—The remainder is for communication tools, production of facts sheets, information materials and mail-out materials.

Senator WONG—How much is that, all up?

Ms Palmer—I am sorry, I have not broken it down.

Senator WONG—But it would be 36 minus 10, minus 7.6, minus 1.8?

Ms Palmer—I will rely on your calculation—yes.

Senator WONG—I do not want you to do that. I want to be clear about what the components are. Is it \$36 million less \$10 million for the media buy, less \$7.6 million for staffing, less \$1.8 million for advocacy?

Ms Palmer—Yes.

Senator WONG—And the remainder is communication tools, including the mail-out?

Ms Palmer—Yes.

Senator WONG—Do any of the communication tools involve, for example, letters from ministers?

Ms Palmer—Not that I am aware of at this stage. We have not actually produced those materials yet.

Senator WONG—When does the five years commence?

Ms Palmer—The five years commenced in the 2005-06 year.

Senator WONG—Can you break up expenditure of that \$36 million to date for 2005-06 and 2006-07?

Ms Palmer—I can give you expenditure for 2006-07 that I have with me. Up until 31 April, CSA had spent \$1.104867 million. Would you like me to break it down?

Senator WONG—How much of that was media buy, if any?

Ms Palmer—We have not spent any money on media buy up to the 31 April.

Senator WONG—What about 2005-06?

Ms Palmer—I do not have the expenditure before me for 2005-06, but because that was the announcement year I can tell you that we actually would not have spent very much at all. It would have mainly been a couple of staff perhaps.

Senator WONG—Any media buy?

Ms Palmer—No media buy.

Senator WONG—What is the remaining budget for 2006-07?

Ms Palmer—We have committed \$2.8 million to be expended up until the end of this financial year.

Senator WONG—And you have only spent \$1.1 million?

Ms Palmer—That is right. The total budget for this year was \$3.907 million, so that is what we have to spend. We have spent \$1.1 million and we have committed to spending \$2.8 million by the end.

Senator WONG—The total budget was \$3.9 million?

Ms Palmer—Yes.

Senator WONG—And \$2.8 million has to be spent within the next month?

Ms Palmer—Yes.

Senator WONG—What will that be spent on?

Ms Palmer—The committed funds for the rest of this financial year include staffing, advertising production costs, research costs, media buy for the first wave of the campaign—

Senator WONG—Let us talk about that. Let us go through it. You have \$2.8 million to spend in a month. Tell me how that is going to be spent.

Ms Palmer—We are going to spend \$2.4 million on the media buy for the first wave of the campaign.

Senator WONG—The first wave of the campaign will involve what?

Ms Palmer—It involves a press, radio and internet campaign.

Senator WONG—Any TV?

Ms Palmer—No TV. It focuses on trying to identify people in the community who are affected by the scheme reforms but who have not perhaps updated their contact details with the agency, so that we can actually ask them to update their contact details in order for us to be able to write them letters about the changes to the reforms later this year.

Senator WONG—So \$2.4 million is to be spent in the next month?

Ms Palmer—That is the media buy. The advertising commences next week and it runs right through until about the middle of August. That is the buy for the first wave of advertising. All that advertising will not occur by the end of this financial year.

Senator WONG—But that is the buy?

Ms Palmer—The buy's commitment, yes.

Senator WONG—So that is June to August?

Ms Palmer—Yes.

Senator WONG—Who is the target audience?

Ms Palmer—The target audience is CSA customers across the community. We have about 1.4 million customers. About half of those customers—about 52.5 per cent—actually do not consider themselves to be customers because they transfer child support between themselves. We write to them once a year to tell them what their assessment should be, but many of them do not tell us when they move or when they change their phone number. We need to collect new information from those people in order to implement the new formula.

Senator WONG—So the purpose of this is to get them to contact you with updated contact details?

Ms Palmer—That is right: 'Update your contact details.'

Senator WONG—What is the remaining \$0.4 million? Is that below-the-line costs, production, creative content et cetera?

Ms Palmer—Yes, mainly production costs. We also have a newsletter that we put out, half of which we allocate to reforms information. That is also to pay for that. That goes out to all our customers.

Senator WONG—Tell me about the 2007-08 budget.

Ms Palmer—The 2007-08 budget for the scheme reforms campaign is \$17,560,000. It is when the bulk of the campaign will occur.

Senator WONG—In relation to that, what is the budget?

Ms Palmer—We have not broken down the individual components of the budget at this time.

Senator WONG—Have any contracts or commitments been entered into in respect of that expenditure as yet?

Ms Palmer—We have entered into contracts with creative agencies that will continue to produce the campaign across that period.

Senator WONG—But no media buy as yet?

Ms Palmer—No, we have not committed any media buy beyond that which I have already provided that goes into August.

Senator WONG—Who are the creative agencies and what is the value of the contract?

Ms Palmer—We have two creative agencies on this campaign. Vinten Browning is one creative agency. They are based in Western Australia.

Senator WONG—What is their name again?

Ms Palmer—Vinten Browning. They are the names of the two principals of the firm. The second agency is Eardrum. They are a radio agency. They are doing the radio and Vinton Browning are doing the rest of the campaign.

Senator WONG—And the cost of that?

Ms Palmer—I am sorry, I did not bring the contract details with me.

Senator WONG—Please provide that. Also do you have expenditure to date in respect of those creative agencies' contracts?

Ms Palmer—I do not have them broken down with me.

Senator WONG—On notice, please give me the expenditure to date, the total value of the contract and the period over which the contracts subsist.

Ms Palmer—Yes.

Senator WONG—Are there any other campaigns or advertising?

Ms Palmer—For the Child Support Agency?

Senator WONG—Yes.

Ms Palmer—As part of this round of advertising, we are spending around \$1 million on promoting our CSA online service.

Senator WONG—That is in the 2006-07 year?

Ms Palmer—That will be running into that same period. That is from May to August.

Senator WONG—So \$1 million on—

Ms Palmer—CSA online. It is a new online service available for customers so that they can do CSA business or child support business online. It is a convenient way for them to update their contact details or provide us with that information that we will need for the new reforms at a time that suits them without having to sit on our phone system. We have been promoting that quite heavily.

Senator WONG—What is the nature of that campaign?

Ms Palmer—That is basically to promote the existence of that service. It is press, radio and a little bit of internet.

Senator WONG—Again, no TV?

Ms Palmer—No TV.

Senator WONG—That \$1 million is in which financial year?

Ms Palmer—It is part of the Building a Better CSA allocation, so it has been committed in this financial year.

Senator WONG—2006-07?

Ms Palmer—Yes.

Senator WONG—Is any expenditure in that campaign committed or budgeted for the 2007-08 year?

Ms Palmer—Not planned at this time, no.

Senator WONG—Anything else in respect of that \$1 million component?

Ms Palmer—No.

Senator WONG—Can you tell me how that is broken down?

Ms Palmer—In terms of what?

Senator WONG—Media buy versus—

Ms Palmer—That is straight media buy. There is no other CSA campaign activity.

Senator WONG—What was the name of the \$1 million campaign?

Ms Palmer—CSA online. It is a different concept. It is a particular ad within the scheme reforms family, if you like, but it is being funded out of the Building a Better CSA.

Senator WONG—Was there any focus group testing or market research for either of these two campaigns?

Ms Palmer—Yes, that is a normal part of the process for government campaigns.

Senator WONG—Tell me about that: what was done, who did it, how much it cost and whether it is included in the \$2.4 million.

Ms Palmer—In the \$2.4 million?

Senator WONG—No, that is a media buy only, isn't it?

Ms Palmer—Yes, that was media buy.

Senator WONG—Is it included in the \$36.1 million?

Ms Palmer—It is indeed. The market research firm that we are using for this campaign is Open Mind Research Group.

Senator WONG—We have misunderstood each other then. I thought I clarified with you that, of the \$36.1 million over five years, \$10 million was media buy, \$7.6 million was staffing, \$1.8 million is advocacy and the remainder was communication tools, but there is actually a component of that which is market research.

Ms Palmer—Yes. I apologise.

Senator WONG—Tell me what the market research component is.

Ms Palmer—I do not have the actual budget for the market research component in front of me. I can tell you that, out of the \$1.1 million that we have spent so far this financial year, \$599,314 was spent on market research and advertising in terms of creative development and testing.

Senator WONG—That is since when?

Ms Palmer—That is this financial year and that is advertising and development costs and market research testing of that activity.

Senator WONG—Did that include focus group research?

Ms Palmer—Yes, it did.

Senator WONG—Do you have details of the sorts of questions that were asked of these focus groups?

Ms Palmer—Not with me, no.

Senator WONG—But does the department have them?

Ms Palmer—The department does have them. It is a normal part of government communication process to do the market research, and whether the details about the market research are released is usually a decision made at the end of the campaign.

Senator WONG—Are you able to provide documentation which indicates the scripts or questions associated with the focus groups and market research?

Ms Palmer—I would have to get advice on that.

Senator WONG—So you are taking it on notice?

Ms Palmer—Yes.

Senator WONG—Thank you very much.

Senator NETTLE—I want to pick up on the issue of biometric photos, which Senator Stott Despoja mentioned. I wonder if you could go to those three examples that are on the website—Taiwan, Italy and Austria—with regard to the issue that Senator Stott Despoja raised, which is that the cards for those countries do not have photos. On the website, in the biometric section, there is a rationale put forward by the government using examples of biometric technology working in similar instances.

Ms Hartland—I just have a snippet here where it is talking about the smartcard technology more generally and talking about the technology increasingly used around the world.

Senator NETTLE—Are you saying that these three examples are examples of smartcard technology, not examples of biometric photos?

Ms Hartland—We said that we would take that on notice. I am getting some expert advice on it. I think we need to take it on notice so that we can actually check on all the facts underneath that.

Senator NETTLE—This is the section of the website about biometrics and, from the information that Senator Stott Despoja had, which is the same as I have, cards in these countries do not have photos on them, let alone biometric photos.

Senator Ellison—It may be that the information that Senators Stott Despoja and Nettle have is wrong and it may be that the website is wrong, but we are not going to solve that issue now. We have taken the question on notice, we have people who have expertise in this area looking at that very issue now and we will get back to the committee. Arguing the toss is not going to get us any further, because we are going to test the veracity of what is being put by both senators—that is, the information they have—and our website. I do not think we can be fairer than that.

Senator NETTLE—Can you give us any sense of a time frame? Will we get that today, during the hearing?

Senator Ellison—We do have people working on it now. We are endeavouring to get it to the committee tonight, of course, but it may mean communications with overseas. Certainly we want to get to the bottom of it and we are doing just that.

Senator NETTLE—I will go to some of the time line issues. Minister, you mentioned that legislation is anticipated for the June sitting?

Senator Ellison—That is right.

Senator NETTLE—So it will be in the next sitting fortnight for the Senate.

Senator Ellison—That is right.

Senator NETTLE—Is that one piece of legislation?

Senator Ellison—Yes.

Senator NETTLE—Is it anticipated that there will be a need for further legislation?

Senator Ellison—The process as I see it is that a bill will be introduced in the normal course of events in the sitting fortnight. It will go to a Senate committee, no doubt this one or whatever the Senate determines. The bill will be considered and returned to the Senate. The government will consider whatever recommendations are made by the committee and if amendments are thought to be appropriate, that will be part of the government's response. That is how we do it normally. The bill will then be debated.

Senator NETTLE—Okay, but it is the intention of the government that all of the issues that need to be covered about the set-up of the access card will be in the one piece of legislation?

Senator Ellison—That is right.

Senator NETTLE—What then is the time line for the rollout of the access card if the legislation were to pass?

Senator Ellison—There are a number of streams to the answer, if I can put it that way. There are the questions of a communications program, questions of registration and questions of contracts. We can take each in turn. That might assist you. Mr Chairman, I think it best at this stage—and perhaps one of the officials could help us in this regard—look at it in those discrete areas of contracts to be signed, tenders and such, communications and then the registration period, which we have already said would take some two years.

Ms Hartland—The government has already announced contracts will not be signed until after the legislation is passed, so we would not be looking to do that until later in the year. Then there will be about a 12-month build of the system that would need to take place. Once the system is up and running it is about a two-year registration process that we have always said would occur.

Senator NETTLE—Are you looking at 2010?

Ms Hartland—That is correct. It was always out to 2010 in terms of finalising that registration process.

Senator NETTLE—In a letter from the DSD to the Senate committee looking into this legislation about the time line for them doing an evaluation—

Ms Hartland—I remember that.

Senator NETTLE—I am interested in where that fits in with the time line that you have just described.

Ms Hartland—DSD are involved throughout the process. I might hand over to Ms Johnson. Basically they are involved throughout the process and then they have final sign-off.

Ms Johnson—That is correct, Senator. DSD have been working with us from the beginning in our design activities, assisting us in our tender evaluation activities and they will be working with us in our system-build activities. So they are working through that whole period with us. The certification process obviously occurs after we have a system built, but we do not start that process at the end; we continue it through the life of the project. DSD are with us through the whole process, and certification will occur before the system goes live. There will be further DSD security activities when the system is live.

Senator NETTLE—Can you give me an idea of what kind of activity they are involved in throughout that development process?

Ms Johnson—In the development of our specifications, they worked with us on the conceptual security architecture. That was one of the underpinning documents to the tender documents. DSD worked with us on that document. They are working with us in the tender evaluation on aspects of the tenders relating to security and security systems. That is

obviously a big focus area and we wanted to make sure that our evaluation took into account the DSD expertise. When we eventually bring vendors on board, the way in which the system is built and tested will also be subject to security testing, and DSD will be involved in that.

Senator NETTLE—I might just jump to another bit that we were discussion before, which was around the expansion of office capacity and staff coming in there. I just want to ask you about how many staff, external people brought in for the access card, are currently working in the department within the office?

Ms Hartland—In terms of working, there are 62.

Senator NETTLE—Are there 62 external staff?

Ms Hartland—That is correct.

Senator NETTLE—Can you give us a break-up of which are the ones from this company, and which are the ones from another company?

Ms Hartland—I can break it up further, but I do not think I have got that information here.

Senator Ellison—We will take that on notice.

Senator MOORE—Could you tell us what they are doing?

Ms Hartland—Certainly.

Senator MOORE—Could you tell us exactly what is outsourced.

Ms Hartland—I can tell you that 28 of those people from that group are from Booz Allen Hamilton, and I have certainly got some information here if you want me to talk further about that in terms of expertise there.

Senator NETTLE—Yes, I am interested in hearing that, just for Booz Allen Hamilton.

Ms Hartland—You want me broadly to go through the key personnel that they have?

Senator NETTLE—I want to get a sense of what it is that they are assisting you with, so you do not need to go through the personnel.

Ms Hartland—The main role they are playing is to be there as the lead adviser to advise on a range of areas for the project or for the program of work. I guess their key expertise is in smartcard technology. They have experts that have been involved in the Germany health card, some biometric experts, some experts in terms of procurement practice, some in terms of organisational change and business processes that need to change for organisations, and integration in terms of agencies and those sorts of things. That is it very broadly, but I am happy to go into more detail.

Senator NETTLE—That is fine for here, but if you are able to table something later which gives us some more detail about the personnel and what they are doing, that would be great.

Ms Hartland—Sure, no problem.

Senator NETTLE—I wanted to ask you about whether in the timeline process there is any intention to have a pilot scheme or a trial of the access card as a part of that, because I notice that the recommendation for the Australian Government Information Management Office is

that pilot schemes be run with these kinds of projects. I just wanted to ask whether that is intended with this project?

Ms Hartland—Some of that is still under consideration. Certainly we have had discussions, particularly about the registration process and piloting that, but we have not reached a landing point on that. Again, we can come back to that as the program of work continues.

Senator NETTLE—I wanted to ask about concession cards. I want, first of all to go to the question areas we have been to before. In that discussion, one of the issues was about whether businesses would buy their own card readers in order to read concession card status. I just wanted to ask where that was up to or whether it was intended that government money would be spent on ensuring that businesses had the concession cards or whether it was intended that business would buy their own readers for concession card status.

Ms Hartland—I think we have talked about some of this before, but one of the rollout mechanisms for the delivery is through point-of-sale readers—the EFTPOS network. Most businesses have that technology anyway, and it would not require any additional infrastructure costs for anyone who uses those EFTPOS readers.

Senator NETTLE—Last time you gave an example of that, you said it would be a simple reader where you can see whether there is a concession. In the information that you have provided us in the past, about half the people with a concession are on a permanent concession and the other half are on transient and various different types of concessions. How will the business owner know if that person is on a concession and the type of concession? Some businesses might offer different concessions for pensioners or students, so I would imagine they would need to know the type of concession and perhaps an expiry date as well. You outlined before a simple one that says ‘C’ for concession card. I cannot see how that would meet what is being proposed. Where is that up to? If it is intended that businesses can have that information about the type of concession card and the expiry date, how will that work?

Ms Hartland—As part of the business case of the card, the expiry date information is to have real-time updating so that, when a card is docked, current information is provided about whether that concessional information is current. I think that goes to your expiry date issue.

Senator NETTLE—I am not sure it does. We have been through this before. It is the last time you docked at a government agency and then you get an update. Right? In a scenario such that it is three months since you were last at Centrelink and you are going to the cinema and want a concession, I would imagine that a business operator would want to know if your concession had expired two months ago. What I am trying to understand is the level of information about your concession card status and expiry that the business operator will have.

Senator Ellison—We are looking at this issue. It is getting into some of the considerations we have for legislation, because a lot depends also on what is on the face of the card. If the face of the card is a photo, a name, a number and a signature, then half of what is required is met. The business proprietor needs to know, firstly, that they are dealing with that particular person—that the identity is accurate—and then they need to know about concessions. Quite obviously, where the concession changes we are in much the same boat as we are now,

because you could have a card but your concession changes in the meantime. We are replacing 16 cards and one voucher. You could still hold yourself out as being entitled to hold a card, even though meanwhile Centrelink has withdrawn your benefit. So you still have that issue. The beauty is, though, that there are readers available. We are looking at the technology here, which is very cheap and can ascertain just the concessional status only. If, however, there is not that information on the face of the card then the business might need to know more and to read the chip, which is something that a lot of people have expressed concern about—they do not want business to be able to read any more than they have to. So these are the issues we are balancing at the moment, with the technology on the one hand and the efficacy of use on the other.

Our goal and our motivation is that no concession will be lost. Access to any current concessions should be maintained, whether they are state or territory concessions or whether they are ones in the private sector, such as cheaper haircuts for pensioners or whatever. That is our purpose, and we are considering the technological aspects of it. We are looking at the legislation in that light. I do not think we can take this much further, other than to describe it in that way.

Senator NETTLE—Is there technology available and being used in Australia now whereby a business can have access to only the component of the chip that has the type of concession and the expiry date?

Senator Ellison—Yes, very much so. The sort of reader that I was talking about—which has been put to me as being of very low cost—only does that job, and that is why it is so cheap. We are interested in lessening the cost to business, of course, and also in ensuring that they only look at what they should be looking at.

Senator NETTLE—Can you tell us about what amount of consultation has been done with business over this issue—in particular, on the expense for business in getting the readers and factoring that into their business?

Senator Ellison—The officials can talk about the contact that has been had with business, and I can touch on what contact I have had with business.

Ms Hartland—It might take a while to have a look through all of the groups that have been met with, but it is a bit chicken and egg with the contact made and the discussions that have been had and also developing the policy and legislation around that.

Senator Ellison—Whilst that is being done, I have met with some 30 stakeholders over the last two months. Among those that are relevant to this question are the Australian Bankers Association, the Australian Chamber of Commerce and Industry—I suppose hospitals are somewhat different—the Consumers Health Forum and other people who are involved in the groups, such as consumers, people with disabilities and a range of others. I have spoken to business and also to those people who are going to be using the card about how they experience it in daily life—that is, how do they go to the picture theatre and get a concession? That is the sort of consultation that I have had with stakeholders, but the department has been having its own as well.

Senator NETTLE—I am trying to narrow it a bit for you. Have you had any consultation with small business? I am not sure whether that was covered in the ones that you outlined.

Ms Hartland—We had contact with the Office of Small Business to identify those groups. Some of the consultations are still being pencilled in, but there have been discussions with the Office of Small Business and some of the other groups that the minister has mentioned. We have also spoken to the pharmacists association and those groups.

Senator Ellison—We have ongoing consultation, too. That is what we have done to date, but it is still ongoing.

Senator NETTLE—I am interested in what small businesses you have consulted with and what kinds of organisations. I do not know to what extent you can give me that information now; maybe I need to wait for that.

Ms Hartland—We might get some specific information—

Senator Ellison—I think we can add to that.

Ms Hartland—There is a large group of general consultations that have been going on, but I understand that you are interested in small business issues.

Senator NETTLE—Have any costings been done of what might be the cost to small business by having to buy the readers that you were just talking about?

Ms Hartland—As I said, if you are using the point of sale network, then the majority of those businesses actually have that reading capacity anyway.

Senator NETTLE—I accept that in relation to banks, for example, but the part that I am interested in is the small businesses that might not have that. A big cinema might have the point of sale network, but a small, independent cinema in a regional community might not have that. I am interested in trying to get a sense of: what will be the cost to small business to get the readers to be able to deliver the concessions?

Ms Hartland—You are talking specifically about businesses that do not have, say, EFTPOS facilities, in terms of other card readers and the costs of those?

Senator NETTLE—Yes.

Senator MOORE—Who would be responsible for that cost? We have evidence to the committee from a couple of groups on that point in particular. I know that you went through all of that in detail.

Senator NETTLE—You were indicating that business would buy the readers. There is no intention in the costings for government to buy—

Senator Ellison—Buy readers for business—no. The cost of those readers that has been put to me is in the region of \$5 to \$10.

Ms Hartland—The small readers are, as the minister said—

Senator NETTLE—With the technology to read off the chip just the bits—

Ms Hartland—That is correct.

Senator Ellison—Just concession.

Senator NETTLE—I would be interested in more information that you could provide on that. Can you give me a sense of the response that you have had from small business to what

is being proposed in them buying the readers? Without going through who you have met with et cetera, can you give me a sense of what the response has been from small business on that issue?

Senator Ellison—We will have to take that on notice because we have spoken to a variety of people. I think that is something we would have to look at in more detail.

CHAIR—It is hard to sum up in a sentence the response of small business.

Senator NETTLE—You understand why I am asking these questions: for a small business operator there are costs involved in buying the reader—I do not know how much that will cost—and training your staff, and there is perhaps the slowdown in the process of buying your cinema ticket. If small business says, ‘Hey, we don’t want this. It’s going to be too difficult. We’re not even going to bother offering concessions,’ no-one wants that outcome.

Senator Ellison—I do not think that will happen either. I think the fact is that the access card will give them more certainty that the person they are dealing with is entitled to that concession rather than having somebody who is just saying, ‘Here is my card,’ and meanwhile, unbeknown to them, their status has changed and they are not entitled to hold that card and use it, or it is not that card at all. They will see the updated information as to the concessional status on the access card, which will be more current. So that could well be a saving to business which would far outweigh \$5 to \$10 for a small reader. People could even purchase their own if they wanted to. It is up to the individual as to whether they want to.

Senator NETTLE—I suppose that is why I was asking about the cost to business. It is not just the cost of the reader; it is the cost that that business might calculate. I do not know whether any of the small business organisations have calculated the cost to them of buying the readers, training the staff and any slowdown that that makes. I accept what you say that there may be other associated cost savings, but I am trying to get a sense of whether any work has been done on the cost for small business.

Senator Ellison—I do not envisage that the training would be that extensive and the cost is, as I have said, \$5 to \$10 for small readers which will just pick up concessional status. Compare that to people who unjustly access concessional fees—if you like, concessional costs. I think that is far outweighed on the debit and credit ledger. It is a much bigger plus to small business because they certainly do not want to give concessional advantage to someone who is not entitled to it.

Senator NETTLE—Minister, I do not know. That is why I am asking the question about—

Senator Ellison—I am just telling you that if you want a view on it, that is how I see it, and I think that is a fairly informed view.

Senator NETTLE—I will move to another area for the moment, and that is the student card. In the evidence before the Senate inquiry, there was a comment by Ms Scott on 6 March this year. She said:

For people who are accessing a benefit like Youth Allowance, we are looking at whether we should have almost like a student card—some schools and universities issue a simpler card—than the access card itself.

I remember that discussion and trying to work out what it means. Is it the same as the proposal for veterans to have a different card?

Ms Hartland—Can you repeat that?

Senator NETTLE—She said:

For people who are accessing a benefit like Youth Allowance, we are looking at whether we should have almost like a student card—some schools and universities issue a simpler card—than the access card itself.

And she stated:

At this stage we are still exploring that. We have not come to a ... view ...

I want to see where that has gone—whether there is any intention of having a separate card.

Ms Hartland—No, there is not.

Senator NETTLE—You mentioned that you had been consulting with pharmacies. This is presumably because, if somebody wanted get a PBS rebate, they would need to be able to show that. Would anyone going to the pharmacy to buy their medicine need to have the access card in order to get the rebate? What type of reader would the pharmacist need to have? Are we talking about the sort of reader that you were just describing, or is it something more complex than that to ensure that they can get the information that they need to work out what price to charge for the medicine?

Ms Hartland—No. The point-of-sale reader, which I hazard a guess that all pharmacists would have—an EFTPOS-type reader—provides that information. The premise, as the minister said, is about providing only information that is required for that type of transaction. I think it starts to go into some of the policy and legislation area, so I am just mindful of what the minister said.

Senator NETTLE—I do not imagine every pharmacist does have an EFTPOS machine in their pharmacy. That goes back to the question: wouldn't it be prudent to do some analysis about the cost for small businesses, and pharmacies are an example, in order to understand the impact of this proposal on small business?

Senator Ellison—Pharmacies, doctors and hospitals will require a reader that is a lot more sophisticated than the one we were talking about earlier, which is only for concessional status, because we certainly do not want small business to be reading all those sorts of things—and that is our firm intention. So there will be a more sophisticated reader involved for the pharmacists. That will involve some cost. We are looking at to what extent the Commonwealth will assist in that regard.

Senator NETTLE—So there is no decision yet on whether the pharmacy buys their reader?

Senator Ellison—We factored into the budget that there will be some allocation. I will take that on notice unless we have the information on the costing now.

Ms Hartland—I do not have the specific costing here.

Senator Ellison—We will take that on notice, because it is factored into the budget as essential.

Ms Hartland—That is right.

Senator Ellison—Where you are getting a government benefit—obviously Centrelink and Medicare will have them—such as in a pharmacy, doctor's surgery or somewhere, we are looking at what cost will be involved and how much the Commonwealth will assist in that, because the readers will be more complex, more sophisticated, and will cost a lot more than what I have been talking about. So we are looking at the extent of the financial assistance we will give.

Senator MOORE—And it will be essential. More complex and all those things, but it will be absolutely essential.

Senator Ellison—Essential in what regard?

Senator MOORE—Essential to that business, whatever it is.

Senator Ellison—Yes.

Senator MOORE—There is no option if you are a business that is providing a service that requires government involvement. They do not have an option to say yes or no.

Senator Ellison—Yes, that is right. I understand.

Ms Hartland—We are going through looking at those costs at the moment in terms of then providing the software—the transactional sort of costs involved. We probably do not have that right now but, as the minister said, it has been factored into the business case.

Senator Ellison—We will take it on notice and see what we can add. The department has done walk-throughs in relation to pharmacies, hospitals and doctors' surgeries to go through and see what is required in the process and what the costs might be. There has been a fair degree of research done in that regard for those providers, because a lot of those people are really at the coalface—quite different from the picture theatre which is giving a concessional ticket. The department has been working on that. We will see what we can add to that. We will take it on notice and give you more detail.

Senator NETTLE—A component of that would be if grandma is sick and sends you to the pharmacy to pick up her medicine; presumably, you need to take her access card for her to get the concessional rate on her medicine.

Ms Hartland—They are exactly the sorts of issues that we are working through in these walk-through exercises and in terms of the policy development going to the legislation. It is exactly those sorts of cases, as you have said. There are quite specific sorts of cases involved.

Senator NETTLE—The rationale that the government has put forward is about people only using their own card. But, if granny is in hospital or in bed and needs the medicine, you seem to be describing that the only way granny can get the concession rate on the medicine is to give her card—

Ms Hartland—We are looking through all those sorts of cases, so we will be able to report back.

Senator NETTLE—The legislation could be before the parliament in three weeks—from what you said?

Senator Ellison—The fortnight starts on Tuesday, 12 June—so some time in that fortnight.

Senator NETTLE—Just under three weeks. Will we know the answers to these kinds of questions?

Senator Ellison—It could be any time during the fortnight—we have a fortnight.

Senator NETTLE—You are saying that you have started a process of consultation with small business and you have more to go. You are talking about the legislation being before the parliament in two weeks time. I have been asking these kinds of questions for months now, and I want to know whether we will know the answers to these questions at the point at which the parliament is being asked to vote on the legislation.

Senator Ellison—The legislation could be introduced as much as four weeks away.

Senator NETTLE—So at the end of the June sitting?

Senator Ellison—It could be; I am not going to pin down a day. Let us not argue over two weeks; there are two weeks of sittings and once the bill is introduced it is not debated but goes off to a Senate committee, obviously. We are confident that we will have the bill ready for that fortnight. I never said that it would be on the first day of the fortnight. There will be a variety of issues that will not be the subject of the bill—that is, will not be in legislation necessarily. There will have to be regulations and administrative aspects. We will be able to cover that off when the bill comes to the Senate.

Senator NETTLE—So will we have answers and an understanding of how the concession card issues might work by August, if that is when we will be voting on the legislation?

Senator Ellison—When the bill returns in June it will then be the task of the Senate committee to go away and conduct an inquiry, which would be over the July break, I imagine. You would have a fair opportunity to talk to those stakeholders. There has been some consultation already with the Senate committee. Professor Fels's committee has already been doing work. We have been consulting with people—the department and me. There has been a fair degree of discussion with all those interested parties. The bill will then be debated in August, we anticipate, and by that stage you will have a very informed debate, I imagine. I will be amazed if we do not.

Senator NETTLE—I hope we do too. You are right about needing an opportunity for the Senate inquiry to consult with stakeholders, but I am interested in the government having time to consult with the stakeholders so we can get answers to these kinds of questions.

Senator Ellison—You will get those when we bring the bill to the parliament and you conduct your inquiry. That is when it normally happens. Let us not put the cart before the horse.

Senator NETTLE—I am not trying to have a go at you. I just want to know if we are going to know the answers to these types of questions when voting on the legislation.

Senator Ellison—I believe you will.

Senator NETTLE—I want to ask about the proposal to have medical information on the chip as—

Senator Ellison—An optional extra?

Senator NETTLE—Yes. There was some comment in the media that this might not be part of the proposal, so I thought I would ask where that is up to.

Senator Ellison—Professor Fels is doing some work on this. I need to consider that report. A number of people have put to me various views on that. I think it is no surprise that there are two schools of thought: one says we should not have it, and one says we should. I think MedicAlert are saying we should not, but I think doctors would like it. So there are competing interests. And there are a number of people who say, ‘Are we biting off too much in one chunk? Let us look at a card that is more just the bare bones and not have all these bells and whistles.’ That is something we are assessing. I will have to check when the report from Professor Fels will be released.

Senator MOORE—That was going to be my question. I was going to ask about the time frame for the report from Professor Fels because one of the major recommendations of the previous committee was that we should wait for that before proceeding, and that recommendation was picked up. So where are we with that?

Senator Ellison—I am sorry?

Senator MOORE—One of the major things to come out of the previous committee process in which many of these people were intimately involved was that, as Professor Fels’s group was working on so many of these threshold issues, it seemed premature to make a decision before that report was received. I want to clarify on the record where the process of Professor Fels’s working group is up to and exactly how many more reports we are expecting from them. At that stage, I think that there were two.

Senator Ellison—He has a number of areas of work. I will treat this question as one on the state of play of all the work that Professor Fels and his committee are doing. We will do a summary of that. We will come back after the dinner break and give you a run-down. We have some reports that are being considered and some which are being worked on, so they are all at different stages. Rather than me dealing with that in an ad hoc fashion, we will get back to you on that. We should have that for you after the dinner break.

CHAIR—That would be helpful. Thank you.

Senator NETTLE—Back to the medical information component: you said that doctors want that information. When we held the Senate inquiry, the AMA appeared before us and, to my recollection, they said that if the information was about somebody’s medical condition that was signed off on by a doctor there was more support from doctors for that than information that someone voluntarily puts down.

Senator Ellison—And that is the issue, Mr Chairman. There are a number of different aspects to this issue, and we are giving it close consideration because there are differing views. I think even the Senate committee made some comment about this. It might have been the Labor senators who even cited MedicAlert, if I remember.

Senator MOORE—We did.

Senator Ellison—Rather than get bogged down now in all the discussion about the ins and outs of it, I can say that we are considering this closely and we have taken on board the views of people in regard to this—and Professor Fels is part of that.

Senator NETTLE—I want to ask about the PIN. There were two PINs, weren't there?

Senator MOORE—At one stage there were two PINs.

Senator NETTLE—One was optional, or something. Can you tell me what is happening with the PINs?

Senator Ellison—Again, that is a matter which is under consideration. I have a brief on it. I really cannot say much more other than that how we deal with it is under consideration. The legislation will cover off on that when we bring it into the parliament.

Senator NETTLE—In the last bill that we saw, there was an optional PIN on the personal side of the chip. Am I recalling that correctly?

Senator Ellison—You just mentioned the optional side of the chip, and that invites all those discussions we had earlier.

Senator NETTLE—I thought I was saying there was an optional PIN on the personal side of the chip. That was my recollection of the last legislation.

Senator Ellison—And also the other information. Some people have put it to us that a PIN can be confusing and is another thing to remember. Some sectors say, 'As long as it is secure, we do not think that a PIN is such an issue, because it just confuses. Our people are elderly or in a vulnerable state, and remembering a PIN is not the biggest thing in their lives,' and others say, 'I would like a PIN.' Again, it is one of those things that we are balancing.

Senator NETTLE—I am trying to remember whether the PIN related to the part with the emergency information. If the emergency information was on the personal side of the chip and had a PIN, how would you access it if the person was not in a position to be able to be able to tell you their PIN?

Ms Hartland—One thing leads to another.

Senator Ellison—Yes, one thing does lead to another. MedicAlert is another issue that we are looking at. As I said at the outset, we are looking at the legislation, and we have these matters under consideration.

Senator NETTLE—I want to go now to the banking questions. We have had discussion before about the new proof of identity arrangements in banks which will come in as part of the anti-money-laundering legislation. If I am right, the 100-point system ends at the end of this year, and we have got the new system in place under which you cannot show a Medicare card anymore at the bank. Under the new anti-money-laundering system, it does not count.

Senator Ellison—The implementation of the AML regime is quite a complex issue because it is being implemented in stages. I would have to check on that. It is not in my responsibility now, but in my previous portfolio it was. I do remember that we spoke about it in the tranches, if you like, of implementation. Perhaps you could develop your question further, and we can see how it applies to this.

Senator NETTLE—Yes. One of the arguments put forward by the government is that this is to prevent fraud that exists with the Medicare card. We are moving to a system at the end of year where the Medicare card can no longer be used as proof of identity at the banks because of the new anti-money-laundering legislation. What impact does that have on the costings, for

example, of fraud in relation to the access card, if a significant part of those costings was about the fraud associated with the Medicare card? If that is no longer part of the regime when it comes to financing by the end of this year, what impact does that have on the costings and, therefore, the alleged cost savings for the access card?

Senator Ellison—I think at the last Senate committee hearing evidence was given that the access card would result in saving on fraud of \$3 billion over 10 years and that it would replace the Medicare card, which the AFP now says is used in 70 per cent of fraud cases, as I understand. The Medicare card technology is of course 23 years old and, to say the least, is not as robust as some other cards which are used as common identifiers. We believe this card will cut down not only on Medicare fraud—fraud perpetrated on the Medicare system—but also on fraud generally across the Commonwealth in relation to all the benefits extended to individuals. So the broad saving of \$3 billion over 10 years will apply across the board. I am not sure what you mean about the Medicare fraud.

Senator NETTLE—The Australian Federal Police talked about the Medicare card being used for fraud. My understanding of the anti-money-laundering legislation is that from December this year the banks will no longer accept the Medicare card as proof of identity. I do not know where that is within Medicare card associated fraud, but I am guessing that there is a component of that which relates to the banks. If the banks are no longer using Medicare—

Senator Ellison—No, it does not. I think we are talking at cross-purposes. The \$3 billion over 10 years is fraud perpetrated on the Commonwealth—it is not fraud on the banks but fraud on the Commonwealth. There is evidence which shows that identity fraud each year is well over \$1 billion and 50 per cent of that, from memory, concerns individuals, the remainder being institutions. What you are talking about is fraud perpetrated on banks. That is a totally different area and another bundle of money that is a cost to the community. The \$3 billion we are talking about is fraud only on the Commonwealth.

Senator NETTLE—I am trying to understand this intersection between the anti-money-laundering legislation and the proposed Medicare card. Again, my understanding of the anti-money-laundering legislation is that banks will require date of birth for proof of identity. It is about how the access card is a replacement for a whole series of other cards that people would currently use at the bank for proof of identity. They must have a date of birth on them. My recollection of the last piece of legislation that we saw was for an optional date of birth on the card.

Senator Ellison—And we have maintained that.

Senator NETTLE—So if somebody wanted to use the access card for proof of identity at the bank they would have to choose to have their date of birth on the card.

Senator Ellison—The date of birth issue is not something that has been raised with me by the banks, but I will check on that and get back to you. We have always said that the access card is to access government benefits and should be used to maintain access to concessions, and that the individual should be able to use the card as an identifier if they so choose but not under any compulsory circumstances—other than to access government benefits. So, if they want to use their access card as an identifier to the banks, it is up to the individual to choose

to do that but the bank cannot require it. Whether it satisfies the banks' requirements is up to the banks.

Senator NETTLE—If it is part of the anti-money-laundering legislation to show the date of birth—I could be wrong but that is my understanding—then, if somebody chose to use an access card as their proof of identity at the bank, they would need to know, when registering for an access card, to choose the option of putting their date of birth on the card.

Senator Ellison—And I guess you are talking now about a communication campaign to people when they are registering. If there is a choice involved, they need to make an informed choice as to whether they want their date of birth on or not. But I must say that some of the people we have spoken to have indicated a desire not to have a date of birth on it and some indicated a desire to have a date of birth. Obviously, the younger you are, the more brazen you are about it; the older you are, the more reticent you get! That has been my experience. But we have maintained that the date of birth should be optional and it is up to the individual to choose at the point of registration. I guess that is where you would make that choice.

That would no doubt be informed by whether they wanted to use the card for various things. For instance, if you were a young person and you wanted to prove you were 18, you might want to have your date of birth on the card. That is really more germane to younger people. But, at the end of the day, what the banks will accept or not accept as proof of identity is a matter for them.

Senator NETTLE—No, it was a question about whether, at the point of registration, people would be informed that, if they want to use it for proof of identity at the bank, they have to choose the option of having their date of birth on it. That was my question.

Senator Ellison—I think it would be difficult to list all the businesses and private sector outlets which would require a date of birth, so that you could give a list to a person when they were having their photograph taken or registering for an access card to say, 'You'd better realise that these people want your date of birth, so if you want to use them you've got to put your date of birth on.'

Senator NETTLE—But if I am right about the fact that the anti-money laundering legislation and the new system requires that—

Senator Ellison—I am not so sure that is right. Let me take that on notice, because we will just be going around in circles otherwise. I will take it on notice.

Senator NETTLE—Okay; thanks. I want to ask a bit more about the tendering for the project. There has been media comment, in the *Financial Review*, about the short-listing of two companies—IBM and Thales, was it?—for this. Does the department or the minister want to respond to that, as to whether that is accurate or not?

Ms Hartland—I think it was speculation and, as you are aware, we would not normally comment at all on tendering processes when we were in the middle of a procurement process. So I think it is pure speculation on the part of that newspaper.

Senator NETTLE—All right; I just wanted to give you the opportunity to talk about it. I also want to ask about the Australian government online service point proposal, about how that intersects with the access card, and about people putting all their information in online for

accessing government services. That is a similar rationale to the one put forward in relation to the access card.

Ms Johnson—The relationship between the Human Services portal and the Australian government online portal is that the Human Services portal has the single sign-on capability, and has been specifically built to be a service used by Human Services agencies but can also be provided to other agencies that require authentication. AGIMO was a participant in the design of the Human Services' single sign-on, and obviously had indicated that it would be seeking to make use of that service. So—

Senator NETTLE—Sorry, can you just explain that again? Who was involved in what?

Ms Johnson—The Human Services portal single sign-on is a capability that is currently in place. A customer can come to the Human Services portal and acquire a single sign-on, so they can access any of the Human Services agencies. That is a capability that is currently in place. The AGIMO proposition is a capability that will come online a bit further down the track. The linkage between them is that the AGIMO proposal is for a broader whole-of-government capability, with single sign-on.

Senator NETTLE—You talked about single sign-on for government agencies which need authentication of who people are, which sounds similar. We are talking about a system for sign-on for authenticating who people are through government departments, and then an access card for identifying who people are when they are accessing government benefits. Am I missing something?

Ms Johnson—The Australia.gov.au single sign-on capability is a capability to provide online services across government. Many citizens would say that they have to sign on multiple times to various government websites. The Human Services portal enables Human Services customers to have a single sign-on capability to online services within the Human Services portfolio. There are different levels of authentication that are required for different services. The agencies have that capability there to be put into place. The Australia.gov.au single sign-on is intended to provide customers with the ability to sign on to other government websites. The linkage between the Human Services portal and the access card is that a customer can apply for their access card via the Human Services portal.

Senator MOORE—I asked questions about this, particularly about the introduction of this portal, of the other department the other night. Following up Senator Nettle's proposal, my understanding is—and I know Human Services is one of the participating agencies in the working group that has been formed—that you will be able to sign on and access services online in terms of checking your details and having to go through only once the whole scroll of identifiers.

Ms Johnson—That is right.

Senator MOORE—When this thing is finally built, if you are on the Centrelink system and wanting to get a passport, you should be able to go in and not have to go through having to give your name and address, dependants and all that kind of stuff again. I am interested in Senator Nettle's proposition in that, if that is the identifier you will be able to use to access those services, it is a very similar proposal to having your card. Instead of using your card to go to a counter somewhere, and saying, 'This is me; I want to get a passport,' the way I

thought this thing would work is that you would be able to do that online. Is that too simple? Is that how you see it?

Senator NETTLE—I am trying to work this out.

Ms Johnson—The specifics as to how the AGOS initiative will work down the track is probably more a question for AGIMO to answer. We have been working with AGIMO in the overall approach to developing a single sign-on capability. We currently have the DHS portal operating. The AGIMO proposal is not yet in place, so we will be working together with them over the coming period for them to achieve that. But specifically what services down the track will be enabled by this capability is a broader question that I am not in a position to answer.

Senator NETTLE—Is it intended, through that Australian government on-line service point, that you would put in your access card number? Is that designed to be a part of the way that system would work?

Senator MOORE—I did not ask that question.

Ms Johnson—That level of design has not been contemplated at this stage.

Senator NETTLE—When you talk about the intersection work that the access card office is doing with the development of that system—that was my guess about what that interaction would be. Is there something else? What kind of interaction are you having with them if it is not about putting the access card number in?

Ms Johnson—There is a whole infrastructure that creates the DHS portal single sign-on capability, the authentication hub that actually enables a customer to provide their sign-on details to one agency and then to be able to access another agency as part of the DHS portal single sign-on. That technology, that framework and those protocols are what we have been working together with AGIMO on: the way in which they will implement the Australian Government online service point. We will be looking at the same type of approach and the same sort of standards and frameworks for that, but we have not gone to the next stage to look at what services are linked at what point in time. The link between the access card and the DHS portal is, for our purposes, that a person can come online to the DHS portal, and the thinking is that they will be able to fill in an application for their access card, so that we have got their information before they come along for the interview. That is the linkage between the access card process and the DHS portal.

Senator NETTLE—Is there a link between the access card and the whole of government online single portal?

Ms Johnson—At this point, I am not able to say. That level of design and planning have not taken place. At the moment, we are focused on implementing the access card and working with other agencies in terms of the standards that we are following in implementing the access card.

Senator MOORE—In Human Services, do the same people who are working on the access card work on the portal?

Ms Johnson—There are a number of people across the board that do that, and we have got a portal working group which specifically looks at issues of interpretability in the portal.

Senator MOORE—Are they the same people who are working with Finance—who are doing the other one?

Ms Johnson—There are some representatives on the working group from AGIMO, that is correct.

Senator MOORE—It just interests me because, up until now, I have been looking at the access card people as working purely on the access card. But they don't; they actually have the other role as well.

Ms Johnson—We have access card officers on the working group specifically looking at what our requirements are to get the portal ready for access card applications, but the DHS portal has a broader function within the DHS portfolio, and so on the working group are also representatives from those portfolio agencies as well as AGIMO.

Senator NETTLE—You talked about the link between the access card and the human services portal; that is, you can apply for an access card online. Is there any link in relation to service provision?

Ms Johnson—In terms of online services using the access card?

Senator NETTLE—If the human services portal is about improving access to their services, and so is the access card, that is where it seems to me there would be a link—not just applying for it online but delivery of the same kind of thing.

Ms Johnson—Indeed, the strategy of improving services includes having online service capability to streamline interaction, and the first part of that was to put in place a capability that meant that citizens did not have to separately log on to different websites. That was the first stage of that, and putting in place the authentication hub to enable that. The DHS portal has a key role in our application process. Further down the track, I understand your question to mean: what other services will be enabled online via the DHS portal and access card together? that level of planning we have not got to yet.

Proceedings suspended from 6.15 pm to 7.32 pm

CHAIR—Minister, are there any responses to earlier questions?

Senator Ellison—I would like to table details of the Blue Moon contract—Medicare Easyclaim—which we said we would get details for. There are also the MCGC dates for the Medicare Easyclaim campaign. For the drought campaign there are details of the value of the contracts and MCGC dates. I will tender those. We have the areas of work being engaged in by Professor Fels's task force—voluntary medical and emergency information—and we anticipate releasing that before the legislation in the next week or two. We anticipate releasing the appeals and governance report in the next fortnight. There is a paper on registration—again, we want to release that in the next fortnight—and there is work being done on privacy impact assessment. I am not sure what the position is there. I am just trying to ascertain it. It is more to do with advice, if you like, to the minister as I understand it. Certainly, during the course of any Senate inquiry, Professor Fels will be able to be questioned on any of these and they will be out there in the broader community. Those are the areas of work that are being done and have been done.

CHAIR—Thank you, Minister.

Senator Ellison—I have a table entitled ‘Access card appropriation tables 2007-08 budget’. That covers expense appropriation and capital appropriation. I tender that as well.

Senator NETTLE—This is a report on his views on this issue rather than a government decision, presumably?

Senator Ellison—It is a report from the committee; it is not the government’s view. As you know from previous reports he has delivered, yes. Before they are released, we obviously consider the reports.

Senator NETTLE—I was just checking that that will be advice. Then, hopefully, we will get the decision on those medical issues and stuff before the legislation—they will be in the legislation.

Senator Ellison—The government’s response will be in the legislation; you will see it in the legislation. I think that was all for now.

Senator NETTLE—On that issue about Taiwan, Italy and Austria, do we have any idea when that might come back?

Senator Ellison—We are still working on that one. I will just make some inquiries to chase that up, but I think there is still a bit of work going on that one.

Senator WONG—Minister, thank you for the documents that have just been tabled. Can I go to the document that you have prepared at the request of Senator Lundy: the breakdown across a range of portfolios of the access card expense and capital appropriations. Can you tell us, in terms of the expense appropriations, what the actual expenditure to date is for 2006-07?

Ms Hartland—The expenses as at 31 March were \$39.2 million.

Senator WONG—For DHS?

Ms Hartland—That is the overall budget.

Senator WONG—So that is of the \$72.1 million.

Ms Hartland—That is correct.

Senator WONG—On notice, are you able to break that down into which components, or are you able to give me that now?

Mr Divall—The breakdown of the \$39.2 million is: the Department of Human Services actual expenditure, \$31.7 million; Centrelink, \$2.3 million; Medicare, \$3.5 million; DVA, \$1.4 million; and FaCSIA, \$66,000.

Senator WONG—Can we do the same with respect to the capital appropriation. What is the actual to date, if any?

Mr Divall—Department of Human Services actuals up to 31 March is \$804,000; Medicare, \$1.5 million; and nil in the other areas.

Senator WONG—The total being \$2.304 million.

Mr Divall—No, \$1.5 million.

Senator WONG—Plus \$804,000.

Mr Divall—Yes.

Senator WONG—So the total capital expenditure to date is \$2.304 million.

Mr Divall—Yes.

Senator WONG—Are you able to assist me in identifying in relation to which outputs and outcomes in the PBS this table would relate?

Mr Dainer—The departmental appropriations are outcome 1, output 1. It is at about the middle of page 29 of the PBS, just under that bounded set of numbers. That is the total for outcome 1, output 1. The access card is in there, both the estimated actual for this year and the budget estimate.

Senator WONG—Within the \$142,083,000 and \$79,158,000?

Mr Dainer—That is right.

Senator WONG—So the totality of the access card for this portfolio falls within that output?

Mr Dainer—That is right.

Senator WONG—That would not include FaCSIA or DVA, correct?

Mr Dainer—Nor Centrelink or Medicare.

Senator WONG—It only includes the DHS component. Can you explain something to me? I am looking at the anticipated actual expenditure for the current financial year, 2006-07. Is there any alteration from the table you have given me? You have given me the appropriation, and I am asking has there been any adjustment of the estimated actual for the year.

Ms Hartland—No.

Mr Divall—Not on that particular one.

Senator WONG—Or for capital appropriation?

Mr Divall—Capital is a different matter. In the DHS appropriation of \$34.9 million we are forecasting expenditure of only \$1.6 million.

Ms Hartland—That is associated with the bill happening and contracts happening after legislation was passed. So that has meant a change in capital expenditure from this year into the next.

Senator WONG—What are the consequent variations to the forward estimates capital appropriations, if any? Presumably you are rephrasing spending from 2006-07 to 2007-08; you are not going to hand it back, I assume?

Ms Hartland—That is right; it is rephrasing.

Mr Dainer—If you go to page 53, the departmental capital budget statement, you will see there that the estimated actual this year is \$34,925,000. The thing about departmental capital is that it does not lapse at 30 June, so it available to be drawn down in a future year. And from that table you go over to 'Purchase of non-financial assets funded by capital appropriation', which is \$85,020,000. That is essentially the combination of the appropriation for this year and next.

Senator WONG—What does that line item in the purchase of non-financial assets represent?

Mr Dainer—That is the capital expenditure for the Office of Access Card.

Senator WONG—Right. So this essentially represents the rephasing compared to this table?

Mr Dainer—Yes.

Senator WONG—So it is just a straight rephrase of the remainder of the estimated actual expenditure to the 2007-08, not to any further outer years?

Mr Dainer—That is right.

Senator WONG—Apart from the capital appropriation adjustment we have just discussed, is there any other adjustment to the forward estimate expenditure in respect of the access card?

Mr Dainer—The table you have is as a result of adjustments which are coming through this budget.

Senator WONG—Yes.

Mr Dainer—There are no further adjustments being made, but there are likely to be as the project progresses.

Senator WONG—There is an adjustment made—we have just established that—in terms of this table because there is—

Mr Dainer—But that is the same point. What I am saying is that—

Senator WONG—Can I finish the question. It is an adjustment of the capital appropriation or the estimated actual capital expenditure. In terms of this table—I appreciate you pointing me to the PBS—I am asking what other adjustments are there?

Mr Dainer—Sorry, I am not quite following.

Senator WONG—Do you have the table?

Mr Dainer—There is no adjustment on the expense side. It is now reflected in these numbers. So with the expense numbers on the left-hand side—no further adjustment—that is actually the budget and forward estimate. For capital, the \$34.925 will be expended next year but it is available to be drawn down even though it is this year's appropriation. It will be close to a zero spend.

Senator WONG—The evidence was 1.6 and the remainder is being drawn down in the 2007-08 financial year.

Mr Dainer—That is right.

Senator WONG—Are we clear on that?

Ms Hartland—Yes.

Senator MOORE—Would you clarify the table on page 53—it could just be that I do not understand the table: what is funded internally by departmental resources?

Mr Dainer—That essentially is where you have depreciation build-up and you are funding a capital asset by those internally generated reserves.

Senator MOORE—So you offset the calculated depreciation you use in other places.

Mr Dainer—Yes.

Senator MOORE—Do you share that out across all expenditure or has this been allocated specifically in the access card unit?

Mr Dainer—This applies across the whole department, across all of government—the issue of depreciation funding, then accumulating into internally funded asset acquisition.

Senator MOORE—And I will find more of those on other pages?

Mr Dainer—Yes. You will find a capital budget statement under every agency.

Senator LUNDY—I would like to ask a general question. You may have answered this in response to earlier queries by Senator Stott-Despoja. Comparing last year's budget table with this year's budget table, obviously there is a significant difference in the totals across those tables for each agency and for the department. Can you run through a brief explanation, for example, of why last year the total of five years' expenditure for DHS was \$175.3 million and your revised table in this year's budget is \$516 million, and so on, noting that some agency's expenditure is now predicted to be vastly more or vastly less than it was predicted in last year's budget?

Mr Dainer—Essentially, it comes from the fact that the project is being managed in DHS. When the original budget was done, there was more money in Centrelink and Medicare because that is where it was anticipated the work would happen, but the project management approach is in place now saying that it will be driven out of DHS and so that is where the funding should be.

Senator LUNDY—Was that a policy change? What changed in that regard?

Ms Hartland—I think it was just the planning around the project with earlier appropriations being put into different spots and then as the planning was done the decision was made to manage it in a different way.

Senator LUNDY—Who made that decision?

Ms Hartland—I would have to take it on notice.

Senator LUNDY—Was it a collective decision, or was it a decision by the minister?

Ms Hartland—I imagine that it was as a result of work that had been done in the preparation of the project, but I will have to take it on notice.

Senator LUNDY—Going back to the budget, I note substantial variations in the out years totals and in the capital appropriation as well. Was the funding drawn from agencies and moved to the department? Is that the explanation you were providing earlier to Senator Stott Despoja?

Mr Dainer—Yes.

Senator LUNDY—About what came from where to create these new numbers?

Ms Hartland—That is right.

Senator LUNDY—That is what I thought.

Ms Williams—On your earlier question, it was signed off by government.

Senator LUNDY—I am sure it was signed off; I was curious as to where the idea came from and what the decision-making process was behind changing the approach to the whole project.

Ms Williams—I do not know, but I presume that the minister looked at the project and considered it.

Senator LUNDY—Can you tell me when that change was signed off by the minister?

Ms Hartland—We would have to take that on notice.

Senator WONG—I think there was \$70.1 million additional appropriation for the access card. What was the extent in the budget of any additional appropriation?

Ms Hartland—There was no additional appropriation.

Senator WONG—None at all?

Ms Hartland—It was movements of money around, so the total budget is exactly the same.

Senator LUNDY—It is not, because the total budget last time was \$1.05 billion and the new total is \$1.089 billion, so there is a slight difference.

Ms Hartland—No, it has not changed.

Mr Dainer—It has not changed; it is \$1.089 billion.

Senator LUNDY—The table last year said \$1.05 billion.

Senator WONG—Budget paper No. 2 of 2006-7.

Mr Dainer—That might not have included the DVA component.

Senator LUNDY—It included DVA.

Mr Dainer—Well, it was \$1.09 billion.

Senator WONG—\$1.089 billion.

Senator LUNDY—Then last year's budget papers were \$0.04 billion out.

Senator WONG—Is the \$1.089 billion figure a net figure? I assume it is.

Ms Williams—We just have last year's budget here, and it is \$1.09 billion.

Mr Popple—It is on page 295.

Senator LUNDY—Maybe it is just a rounding issue.

Ms Williams—It might be.

Senator LUNDY—I would expect more accuracy than that.

Senator WONG—My question was—

Ms Hartland—It is a net figure, yes.

Senator WONG—Can you tell me what the estimated savings are which are built into the expense appropriation and where they come from? Is this the best way to ask this question? I am going to come to the budget measure which deals with—what is it called?—service agency efficiency savings, or whatever it is.

Mr Dainer—Efficiencies in service delivery agencies.

Senator WONG—That is it. Are they part of the savings which are assumed in this?

Mr Dainer—No.

Senator WONG—That is good; we do not have to deal with that now, then. There is a lot of quiet conversation at the table.

Ms Hartland—I think we will have to take the savings issues on notice. Are you talking in terms of specific agency savings?

Senator WONG—Given that this is a net figure—

Senator LUNDY—There is a saving because you mentioned it before in an answer to Senator Stott Despoja's question. The increase in the DHS allocation subsumed a saving within DHS.

Mr Divall—I think that was related to the earlier transfer of some funds.

Senator LUNDY—That is right.

Ms Hartland—There was a slight movement of money.

Mr Dainer—We were talking about the change in appropriations between the years. In the PBS there was an increase of \$173 million approximately in appropriations for the total department between 2006-07 and 2007-08.

Senator LUNDY—Can you refer us to the page in the PBS?

Mr Dainer—It is at page 29. That is the \$79.158 million to \$142 million. There is a description over in the notes on page 34. It says:

Total revenue has increased by \$188.7 million from the 2006-07 estimated actual.

That is more than appropriation. It continues:

The increase is principally due to increases in appropriation funding (\$173.0 million) for the Health and Social Services Access Card and Child Support Reforms measures ...

I mentioned earlier that of the \$173 million approximately \$63 million was to the core department and \$109.9 million was to CSA. The \$62.195 million was made up of \$67 million extra for the access card and there was a negative \$4.2 million relating to the rest of the core department for measures which were dropping off. There are a number of things coming on and a number of things going off. That was the negative \$4 million.

Senator LUNDY—So it is not a savings measure—it is other things concluding?

Mr Dainer—Yes.

Senator WONG—I think what I am trying to get at is whether there is an assumption about what the effect of this measure will be in terms of savings in order to get to a net figure. As I understand your evidence, you are saying that there are a number of measures in terms of

the department's financial position where they are ending in terms of expenditure and so obviously there is a negative \$4.7 million figure. That is fine, but what I am interested in with the access card, if this is a net figure, is: what are the savings that you are assuming as a result of this measure will be effected? How are they calculated and how does that affect these figures? Is that clear?

Ms Williams—Could we take it on notice?

Senator WONG—You were doing really well until then. If you could, that would be helpful.

Senator Ellison—We might be able to come back to you tonight on that. When Centrelink gives their evidence it will give us a break to do that.

Senator MOORE—While they are looking at budget stuff, I have a question about the access card process. In answers before the dinner suspension you talked about the wide range of consultations that you had been having with different groups. You would remember that during the original committee process a lot of issues were raised by various groups across the country that had privacy concerns—groups that looked at civil liberties and those kinds of things. A number of them commented that they did not feel they had had effective consultation with the department or the government leading up to the decision to implement the legislation. Could you give us any details of consultations you have had with any of the privacy or welfare rights organisations, in particular the ones that gave evidence to our committee?

Senator Ellison—The Office of Access Card has been carrying out extensive consultations with various stakeholders, and I think officials could give you more detail on that. To give you an idea, I have met with people such as National Seniors, National Disability Services, the Public Interest Advocacy Centre, Vision Australia, Blind Citizens Australia, the Australian Council of Social Service, Catholic Social Services, the National Aboriginal Community Controlled Health Organisation, the National Indigenous Council, the Access Card No Way Campaign, the Australian Federation of Disability Organisations, medical and hospital groups, Carers Australia, Catholic Health Australia, Council on the Ageing, the Consumers Health Forum, Cyberspace Law and Policy Centre, Families Australia, the Federation of Ethnic Communities Councils of Australia, MedicAlert and some other smartcard groups. I have also met with the Privacy Commissioner. I have had discussions with all of those people in relation to a variety of issues, and privacy of course was one of them. The overwhelming feature was how you deal with disadvantaged groups—the frail and aged, people in hospitals, the homeless and Indigenous people.

Senator MOORE—That was one of the streams in our committee, and some of the people you mentioned were the ones to whom I was referring. We had a range of evidence from people who raised legal issues, from constitutional law to access and privacy concerns, and you have mentioned a few. I think there were people from the University of New South Wales—an associate professor there—and there were also a number of academics who worked in that field in Victoria. When we came back to the department you said that you would meet with them subsequently. Have you had that opportunity and has a dialogue been established?

Senator Ellison—I think you are talking about Professor Greenleaf.

Senator MOORE—Yes, it was Professor Greenleaf.

Senator Ellison—He met with me, with the New South Wales public advocacy centre, and gave me a critique on the bill. As I recall, section 52 is one of his interests.

Senator MOORE—Whether or not they agreed with the bill—and that is something you have said before; you cannot always achieve agreement—it was particularly concerning to us on the committee that they felt they had not had the chance for interaction. But you have addressed that.

Senator WONG—Ms Hartland, you gave me some evidence earlier about campaign-associated contracts in relation to the access card. Am I right in assuming that that expenditure is included in—

Ms Hartland—Yes.

Senator WONG—Apart from the campaign-associated contracts that you have provided to me, has DHS entered into any other contractual arrangements in relation to the access card?

Ms Hartland—Any other contractual arrangements?

Senator WONG—Yes.

Ms Hartland—In the communications space?

Senator WONG—I understood you to have told me about all the communications-associated contracts.

Ms Hartland—Yes.

Senator WONG—I am saying: in relation to the access card, have you entered into any other contractual arrangements?

Ms Hartland—Yes.

Senator WONG—Can we find out what they are?

Ms Hartland—I think I mentioned to the committee earlier that we have had an arrangement with Booz Allen Hamilton as the lead adviser. Do you want me to run through appointment times and things?

Senator WONG—Just the value of the contract.

Ms Hartland—The value of the contract is \$24.3 million.

Senator WONG—What was the time frame?

Ms Hartland—Up to June this financial year.

Senator WONG—Does the contract extend beyond June 06?

Ms Hartland—It is an arrangement for up to four years, consisting of an initial period of two years plus two one-year options to extend.

Senator WONG—I must have misunderstood your earlier evidence. So the total value of the contract is \$24.3 million?

Ms Hartland—Correct.

Senator WONG—Commencement date of the contract?

Ms Hartland—The commencement date was 19 July 2006.

Senator WONG—Term of contract?

Ms Hartland—That gazettal is for a 12-month period, but the contract goes for a period of four years with an initial period of two years. The gazettal amount is for that first year.

Mr Divall—The contract is done by purchase orders.

Senator WONG—Yes, I know.

Mr Divall—So the \$24.3 million is the current set of purchase orders.

Senator WONG—I want the total value of the contract. The \$24.3 million is the value for the current 12-month period.

Ms Hartland—That is correct.

Mr Divall—For the current purchase orders that we have with Booz Allen Hamilton.

Senator WONG—How much are you obligated to pay over the term of the contract? Is there is an option?

Ms Hartland—It is a deed of standing offer. There is no contractual obligation and no figure past that period.

Senator WONG—It is a deed of standing offer which you have offered and they have accepted initially for \$24.3 million. So that is a legal liability.

Ms Hartland—That is correct.

Senator WONG—And there is no extant liability beyond the end of the \$24.3 million; there is just a standing offer.

Ms Hartland—That is right.

Senator WONG—Do they have a right to be first offered? How does that work?

Ms Hartland—I will need to get some advice on the contract.

Senator WONG—What is the nature of the right which is now assigned or given to Booz Allen Hamilton?

Ms Hartland—We will take that on notice. We do not have the deed here to be able to give you a precise answer.

Senator WONG—I am interested in what taxpayers are committed to.

Mr Divall—Taxpayers are committed to the \$24.3 million for this financial year.

Senator WONG—For the year 2006-07?

Mr Divall—That is correct.

Senator WONG—Has there been any commitment? If you chose not to make any additional offer post this financial year, is that within the rights of DHS?

Mr Padovan—I will have to take that on notice, but it is my understanding that the way the deed was structured was that there was no obligation beyond the extant purchase order that was in force.

Senator WONG—Unless you clarify this on notice, there is no obligation beyond the extant purchase order of \$24.3 million.

Mr Padovan—That is correct.

Senator MOORE—Is that a common practice?

Mr Padovan—To establish a deed of standing for exercise work orders?

Senator MOORE—Yes.

Mr Padovan—It is consistent with the Commonwealth procurement guidelines.

Senator MOORE—Is it one that DHS issues regularly?

Mr Padovan—Yes.

Senator WONG—In the event that you, on notice, clarify your evidence and tell us that there is an obligation beyond the current purchase order, I am interested in knowing what the Commonwealth liability under any such arrangement and the time period over which that subsists. Is that clear?

Mr Padovan—It is clear.

Senator WONG—Can we move on, Ms Hartland, or do you need to scribble down a bit more?

Ms Hartland—The gazette value for Minter Ellison is \$4.98 million.

Senator WONG—Over what period? Is that the gazetted amount?

Ms Hartland—Yes, that is the gazetted amount.

Senator WONG—What is the value of the contract?

Ms Hartland—The year-to-date expense of the contract?

Senator WONG—No, I want the value of the contract to date.

Mr Divall—It is a deed of standing order, I understand.

Senator WONG—So the same questions will apply.

Mr Divall—Yes.

Senator WONG—The extant purchase order is \$4.98 million. It is also a deed of standing offer. This current arrangement extends to the end of the current financial year.

Mr Divall—My understanding is that that is correct. If it is not the current end of financial year it would only be a small inroad into the financial year. It would be a month or so.

Senator WONG—Is it your evidence that there is also no obligation beyond this current purchase order?

Mr Divall—We would need to check the deed thoroughly, but our understanding is that there would not be any ongoing commitment.

Senator MOORE—And is it the same time frame?

Senator WONG—He is going to clarify both that and the \$4.98 million to the end of the financial year—or whatever time you might indicate to me subsequently. Are there any other figures in relation to the contract with Minter Ellison that you can provide me with?

Ms Hartland—I do not have any other figures. It is a similar arrangement—

Senator WONG—Any other contracts?

Ms Hartland—There is KPMG. The gazetted value is \$4.1 million.

Senator WONG—Is it a deed of standing offer as well?

Ms Hartland—Yes, it is a similar arrangement.

Mr Divall—It is a similar arrangement. Again, we will have to confirm it but it is my understanding that it is a similar arrangement.

Senator WONG—The way I am proceeding with these is that I understand that you are going to confirm on notice that the evidence is correct and then answer a range of questions that I have essentially put on notice if your answers change. KPMG is a deed of standing offer and is \$4.1 million and possibly to the end of the 2006-07 year.

Ms Hartland—Correct.

Senator WONG—Has any other arrangement been entered into with KPMG?

Ms Hartland—No. We have the Australian Government Solicitor—gazetted value \$659,309.

Senator WONG—Is it the same arrangement? I would not have thought so.

Ms Hartland—I will have to check that arrangement.

Mr Divall—We understand it is the same arrangement. Again, we will need to confirm if it is otherwise.

Senator WONG—Is there anything further?

Ms Hartland—There is Acumen Alliance, which is \$1 million.

Senator WONG—Same arrangement?

Mr Divall—It is a similar arrangement.

Senator WONG—How many more are there?

Mr Divall—There are a few more. They are getting smaller as we go through.

Senator WONG—The amounts seem to be going up. We had \$659,000 and then we went up to \$1 million.

Ms Hartland—Sorry, I had them out of order. There are three others. Holocentric—\$187,550.

Senator WONG—At the risk of wasting time: what does Holocentric do?

Ms Hartland—They provide specialist advice on business process modelling. Mike Goldstein and Associates is 153,450.

Senator WONG—What do they do?

Ms Hartland—They provide specialist advice in terms of pricing and apportionment. The contract with Peter Ilyke, who is a specialist in drafting legislation, is \$78,000.

Senator WONG—Are they are deeds of standing offer as well?

Ms Hartland—I would need to check because there are some individuals as well. I would need to check the individual contracts associated with those.

Mr Divall—The Peter Ilyk contract has expired, so there would be no further expenditure on that contract.

Senator WONG—How do you spell his name?

Ms Hartland—I-L-Y-K.

Senator WONG—And who is Mr Ilyk?

Ms Hartland—A stand-alone consultant who is providing advice on drafting legislation. He is helping with the drafting of the legislation.

Senator WONG—I-L-Y-K?

Ms Hartland—Correct.

Senator LUNDY—Has he done that sort of thing before? I just thought I'd check.

Ms Hartland—Yes.

Senator WONG—So the spelling is I-L-Y-K?

Ms Hartland—Yes. I can confirm that there is no obligation on us to acquire Booz Allen Hamilton's services beyond the work order, in terms of time and value.

Senator WONG—And I assume that the intention is that any future purchase orders in respect of these standing offers would be funded out of the expense appropriations that are listed in these tables for the department?

Ms Hartland—Yes, that is correct.

Senator WONG—There is a reference in the additional estimates table, which I do not think I have brought with me, to an equity injection of 34.4—

Mr Dainer—Yes, the 34.4 is a transfer of capital from Medicare and Centrelink to the department.

Senator WONG—Right. Why is it referred to as 'an equity injection'?

Mr Dainer—It is capital, but that—

Senator WONG—That is just the way in which it is transferred? Why did that happen?

Mr Dainer—Because more of the procurement activity was going to happen in the department, not in the agencies.

Senator WONG—So you were going to be the contracting party, as opposed to Medicare?

Mr Dainer—Yes.

Senator WONG—I am not sure if this has been asked of you, and I realise we have to get moving, but could you give me, on notice, some information about the tender process in relation to the contracts that you have just described.

Ms Hartland—In terms of the procedure and the process?

Senator WONG—Yes. And did they go to select tender or open tender, and who made the decision.

Ms Hartland—Sure. I have that information if you want that.

Senator WONG—I would really like to hear it, but I am very conscious that we have not yet got to Centrelink and we have a number of agencies that we need to cover.

Ms Hartland—There are also some more individual sorts of contractor arrangements—

Senator WONG—‘Sorts of contractor arrangements’?

Ms Hartland—Like contractor arrangements; what I went through was the consultancy arrangements, as you asked them. Do you want me to—

Senator WONG—If there is a Commonwealth liability associated with them, yes.

Ms Hartland—They are under the same sort of arrangement, so—

Senator WONG—Okay.

Ms Hartland—There are a lot of quite small amounts. Would you prefer—

Senator WONG—What is the total?

Ms Hartland—The total of gazetted value is \$2.8 million.

Senator WONG—The total of Commonwealth liability under the arrangements?

Ms Hartland—Is \$2.8 million.

Senator WONG—\$2.8 million?

Ms Hartland—Yes.

Senator WONG—Is that inclusive of what you have given me today?

Ms Hartland—No.

Senator WONG—So these are additional ones?

Ms Hartland—Yes. So these are a range of smaller amounts.

Senator WONG—On notice, can you give me the details of what that comprises.

Ms Hartland—Certainly.

Senator WONG—So what you are saying to me is that that is the total Commonwealth liability under arrangements entered into?

Ms Hartland—That is correct. So the earlier figure plus that, yes.

Senator WONG—What is the total?

Senator Ellison—In all, 56.3 or thereabouts.

Senator WONG—You see, you could just give me that part of your brief, Minister, and we could all go home.

Senator Ellison—No, if you add them up. You are talking about all the amounts for Booz Allen Hamilton, Minter Ellison, et cetera. The ones I have been writing down I have added up and I think we had better check.

Senator WONG—I will not hold it against you.

Senator Ellison—What I am adding up is what we have spent, and what is contracted—or this is what is contracted for, because that is what you asked about.

Senator WONG—That is what I am interested in.

Senator Ellison—How much has been spent and how much has been contracted for in total?

Senator WONG—That is what I am interested in; correct.

Senator Ellison—I will just make sure that my adding up is right, because—

Senator WONG—You are doing better than me. There is no way I could add them up right now.

Ms Hartland—It is just over \$40 million.

Senator WONG—Perhaps you could just get someone to confirm that figure for you.

Ms Hartland—Yes; \$40 million is correct.

Senator WONG—Is the current committed Commonwealth liability under all arrangements entered into by DHS in respect of the access card?

Ms Hartland—Correct.

Senator WONG—Good, thank you. You cannot comment on DVA, I presume?

Ms Hartland—No.

Senator WONG—We still have Centrelink, Medicare and FaCSIA, who got very little money out of this.

Senator LUNDY—I would like to refer to answers to questions on notice relating to the IT budgets of the core departments. The table provided has estimated actuals for 2006-07. I think it incorporates up to the end of this financial year. The table states that it includes support costs related to the Office of Access Card but not costs related to the rollout of the access card. Can you aggregate the figures in 2007-08, 2008-09 and 2009-10 which relate to IT support costs relating specifically to the Office of Access Card?

Mr Dainer—It would be on a per capita basis—so the total population of the department divided by whatever the access card share is.

Senator LUNDY—Which would be what?

Mr Dainer—It would be a bit over half.

Senator LUNDY—Are you saying that if you provided me with two separate tables, one for the core department and one for the Office of Access Card, the figure from 2007-08 onwards in all of those categories would be approximately half?

Mr Dainer—That would be if you did it on a per capita basis—

Senator LUNDY—That seems a pretty simplistic way of doing it.

Mr Dainer—It is. If you had to run a core department with a smaller number of people, there is probably some threshold infrastructure that would be required.

Senator LUNDY—So it might not be a question of just halving it?

Mr Dainer—No. There would be an issue of attribution.

Senator LUNDY—What do you reckon it would be?

Mr Dainer—I could not do that here.

Senator LUNDY—Take it on notice. What about in the other agencies—for example, Centrelink? I note that the Centrelink table only goes to 2006-07. Perhaps I should start by asking you for the out years budgeted figures for IT in Centrelink.

Mr Dainer—You would have to ask Centrelink that.

Senator LUNDY—I figured you would say that. Can you tell me what component of their budget, if any, would be allocated towards access card related expense?

Mr Dainer—No. They would need to tell you that.

Senator LUNDY—They will have to tell me that. Do you know whether or not the agencies have incorporated into their IT budgets expenses relating to the access card?

Mr Dainer—I do not know that.

Senator LUNDY—Where is somewhere you can point to that does relate to the budgeted costs of the rollout of the access card given that they are not contained in the core department table?

Mr Dainer—That is in the budget that we just went through on that table.

Senator LUNDY—So the IT expenses relating to the rollout of the access card are built into the appropriation tables for the access card, for 2007-08 onwards, that you have just provided the committee?

Mr Dainer—Yes.

Senator LUNDY—Does the dramatic increase in the costs within the core department's table from 2006-07 to 2007-08 relate to only the increased cost associated with servicing the needs of the Office of Access Card?

Mr Dainer—No, it is also about giving us a more functional IT infrastructure.

Senator LUNDY—So what changes are you putting in place?

Mr Dainer—For instance, there was some software aligned in there from 2007-08 onwards—some infrastructure software that related essentially to a knowledge management system.

Senator LUNDY—What system is that?

Mr Dainer—This is only an estimate of what we think we might need to develop that sort of system.

Senator LUNDY—In 2006-07, where it goes from \$109,000 to nearly half a million dollars, that leap is for that new software. Is that specifically needed for the access card stuff?

Mr Dainer—No, it is needed for the core department. It is needed for the whole of the core department, not specifically for the access card.

Senator LUNDY—Yes, I understand. Just looking at the number in the 2007-08 column, you mentioned before that a simplistic way of understanding what you could apportion to DHS and what you could apportion to the access card would be to halve it. Are you suggesting that that software figure is largely attributable to, for example, licence fees, which would imply it is on a per user basis?

Mr Dainer—Yes.

Senator LUNDY—So it is not so much about development or purchasing new software; it is about a software licence per user?

Mr Dainer—We would need to purchase some software and then there would be an issue about the number of licences, so it would be a mix.

Senator LUNDY—Do you need to purchase the software or is that—

Mr Dainer—We have a records management system, which is TRIM. It needs some enhancement, but there are other products out there as well.

Senator LUNDY—Have you put that out to tender?

Mr Dainer—No, we have not finished the initial planning stage yet.

Senator LUNDY—Do you have any IT contracts out to tender at the moment?

Mr Dainer—No.

Senator LUNDY—What are the contracts that you have in place?

Mr Dainer—We have a contract with ASG for the provision of infrastructure services; the internet gateway service is with Macquarie; telephony is with Optus—

Senator LUNDY—What about the hardware?

Mr Dainer—We access equipment from Dell, NETGEAR and Cisco. We use Acer for desktop notebooks—

Senator LUNDY—Who do you source your hardware through?

Mr Dainer—We essentially leverage off Centrelink contracts.

Senator LUNDY—So through IBM?

Mr Dainer—No—Acer.

Senator LUNDY—All those separate suppliers. Can you give me a rough idea of the durations of the contracts?

Mr Dainer—I do not have that detail with me.

Senator LUNDY—Perhaps you could take that on notice, as well as the total value of all of those IT contracts for the core department. Thank you.

Senator WONG—I have a couple of question about the compliance measures insofar as they relate to human services—actually in terms of a core department. It is only \$.5 million isn't it?

Mr Dainer—Yes, Senator.

Senator WONG—No, we are not going to deal with that. Can someone explain to me the efficiencies in service delivery agencies measure?

Mr Dainer—Yes, there are a number of efficiency measures identified across Centrelink, Medicare and the Child Support Agency. They will lead to total savings of \$169 million over four years. There are a number of components to that. There will be improvements in work practices in Medicare and Centrelink head offices, establishment of a shared services centre for human resources and financial transaction processing across the three agencies. There is also—and this is a predominant saving—a return of savings from Centrelink clients utilising self-service channels.

Senator WONG—Are you able to provide us with any disaggregated estimates for the measures you have just outlined? While that is being dealt with, is the efficiency dividend still operative?

Mr Dainer—Yes.

Senator WONG—Remind me what percentage that is again.

Mr Dainer—One per cent. It was 1.25 per cent; I think it drops to one per cent next year.

Senator WONG—I know at some point there is a reduction.

Mr Dainer—Yes, it was 1.25 per cent.

Senator WONG—This is cumulative on that?

Mr Dainer—This is on top of that.

Senator WONG—What does it amount to in terms of the proportion of reduction of the budget allocation for these agencies?

Mr Dainer—It is \$169 million over four years.

Senator WONG—Is it applied in terms of .X per cent?

Mr Dainer—No, the self-service savings start at \$25 million and go to \$26.3 million—

Senator WONG—Are these the disaggregated costs you can provide us with?

Mr Dainer—Yes.

Mr Popple—The national office reduction is \$48 million over three years.

Senator WONG—What I am asking—because of the time—is whether it can be provided as tabled information or do you want to go through it verbally?

Mr Popple—I can go through it pretty quickly, if you like. It is just a few figures.

Senator WONG—Okay.

Mr Popple—The national office reduction is \$48 million over three years, starting in 2008-09.

Senator WONG—National office—

Mr Popple—Reductions, the first measure that Mr Dainer spoke about.

Mr Dainer—It is Centrelink and Medicare head offices.

Senator WONG—This is the reduction in Medicare offices?

Mr Popple—And Centrelink head office.

Senator WONG—What do I compare it against—page 270 of the budget measurement paper? Is that the best way to deal with this? Page 270 sets out the table. I was asking whether you had savings more disaggregated than this.

Mr Popple—I thought you were after the costs associated with the individual three components that Mr Dainer mentioned and, as I was saying, the component which is the national office reductions in Centrelink and Medicare is worth \$48 million over three years and it starts in 2008-09. The shared services one is \$13.1 million over four years, and that applies to Centrelink, Medicare and Child Support; and the self-service one is \$107.9 million over four years, and that applies solely to Centrelink.

Senator WONG—And these all commence 2008-09?

Mr Popple—No.

Senator WONG—We need to break it up. So national office reduction is 2008-09—how much is the estimated savings?

Mr Popple—Sixteen million dollars a year.

Senator WONG—In 2009-10?

Mr Popple—Sixteen million dollars.

Senator WONG—It says \$16 million over four years.

Mr Dainer—Yes.

Senator WONG—That is fine. Shared services?

Mr Popple—Shared services actually has an increase of 1.5 million for Centrelink in 2007-08 and then in the out years it is minus 4.5 in 2008-09, five in 2009-10 and 5.1 in 2010-11.

Senator WONG—The numbers you have just given me are minus ones for the out years. It is plus 1.5, minus five, minus 4.5 for 2008-09, minus five for 2009-10 and minus 5.1 for 2010-11. What are the figures for self-service?

Mr Popple—Self-service is minus 25 in 2007-08, minus 26.3 in 2008-09, minus 27.6 in 2009-10 and minus 29 in 2010-11.

Senator WONG—Presumably, someone at Centrelink can tell us how those savings will be achieved?

Mr Popple—We are working through some of that detail with them, but they should be able to assist you, yes. Senator, you asked before about the fraud and compliance measures. You quite rightly pointed out that 0.5 million is coming to DHS. DHS was responsible for pulling together the package of measures.

Senator WONG—I noticed it was all in your section of Budget Paper No. 2.

Mr Popple—It is the same as last year. DHS had administrative responsibility for bringing forward the package of compliance measures on behalf of other ministers and, as you know, the bulk of those will be implemented by Centrelink.

Senator WONG—Some might say you are actually contributing very little and making everyone else take the pain.

Mr Popple—You sound as though you have been talking to Centrelink, Senator!

Senator WONG—I assumed if I had questions in relation to the actual policy effect of these measures, I would go with the department in respect of which the savings measure was allocated. Am I not right?

Mr Popple—That is right. FaCSIA would have advised you about the family tax benefit measures, for example.

Senator WONG—And I cannot talk to you about that. What is the \$12 million over four years for you to meet ongoing operational expenses associated with your role in improving the Australian government service delivery?

Mr Dainer—The additional \$3 million a year is to the core department to meet costs associated with providing essentially a better infrastructure.

Senator WONG—Better infrastructure? Can we decode that?

Mr Dainer—The department has been going for two years. To set up its infrastructure, property costs, IT costs and that sort of thing the government agreed to boost the core budget by \$3 million. The base level funding for the core department is about \$11 million a year and this was to provide for more functional IT, more appropriate accommodation and that sort of thing. It comes out of a review that was done involving the department of finance.

Senator MOORE—That is on top of the figures that you gave us earlier that was enhancing your general IT along with the access card.

Mr Dainer—This is actually going to pay for some of it.

Senator WONG—Can someone remind me of the role that DHS has in job capacity assessment and in particular the budget measure reinforcing the role. That is a very small amount of funding in 2007-08.

Mr Dolan—We continue to manage the job capacity assessment program.

Senator WONG—Are the contracts with you or with DEWR?

Mr Dolan—They are with us. We conducted the request for tender and we managed the contracts. Nothing has changed.

Senator WONG—Can you explain the ‘Job Capacity Assessment—reinforcing the role’ that appears in the DEWR expense measures part of Budget Paper No. 2?

Mr Dolan—That is correct. We manage the job capacity assessment program but DEWR manages the income support system and the appeals processes, where people can appeal their income support decision with the tribunal process. DEWR runs that process, which is why DEWR would have brought that measure forward.

Senator WONG—What does ‘reinforcing the role’ mean? Is it talking about social security tribunal appeal mechanisms?

Mr Dolan—It is to strengthen the role of job capacity assessments in the tribunal process. It means that tribunals will be able to refer someone who is contesting an income support decision to a job capacity assessor to have another job capacity assessment done. The \$147,000 departmental money provided to us is to assist with putting those processes in place in the first year.

Senator WONG—Can you give me an update on the expenditure associated with the JCA?

Mr Dolan—Yes, I can. On page 29 of the portfolio budget statements under table 3.1, ‘total resources for outcome 1, core department annual appropriation bill 1’, which is the first item in the table, the current estimate is \$104 million in 2006-07. That estimate combines expenditure on job capacity assessments and the job capacity account.

Senator WONG—So all of core department annual Appropriation Bill (No. 1) is JCA.

Mr Dolan—That is right.

Senator WONG—So it is JCA—

Mr Dolan—And job capacity account.

Senator WONG—I remember this. This is pre-vocational or—

Mr Dolan—It is. It is the short-term interventions to which people can be referred by the job capacity assessor.

Senator WONG—Job capacity account.

Mr Dolan—Yes.

Senator WONG—What did the acronym end up being for that?

Mr Dolan—JCA is job capacity assessment and JCAc, with a little ‘c’, is job capacity account. It is acronym city, unfortunately.

Senator WONG—I have worked this out about government. What is the disaggregation for 2006-07 between those two components?

Mr Dolan—\$100 million for the job capacity assessment and \$4 million for the job capacity account.

Senator WONG—Is that budget estimated actual for 2006-07?

Mr Dolan—It is.

Senator WONG—Can you give me the out-year figures on this?

Mr Dolan—The out-year figure for 2007-08 is \$141,130,000.

Senator WONG—Can you disaggregate that?

Mr Dolan—The estimate for job capacity assessment is \$106.5 million in 2007-08, \$102 million in 2008-09 and \$102 million in 2009-10. The job capacity account is \$28 million for 2007-08. The figure in 2006-07 of \$4 million is lower because we have had the initial slow take-up in job capacity account, which has now been reversed. That is why the figure is bigger for next year, in 2007-08. The job capacity account figure is \$25 million in 2008-09. Correction, in 2007-08 it is not \$28 million; it is \$34 million. We rolled over some unspent money to next year because some of the capacity account services done in this financial year will not be paid for until next year. So it is \$34 million in 2007-08, \$25 million in 2008-09 and \$25 million in the years that follow.

Senator WONG—The 2007-08 figure includes rephased spending from 2006-07?

Mr Dolan—Yes, it does.

Senator WONG—Is the JCAc an administered appropriation?

Mr Dolan—It is an administered appropriation, yes.

Senator WONG—And the other is departmental expenses.

Mr Dolan—Those are both administered appropriations. That is the amount of money we pay—

Senator WONG—And the other one is a contract as well, isn't it?

Mr Dolan—Yes.

Senator WONG—Your current contracts with job capacity assessors subsist until when? What is the term of the contract?

Mr Dolan—The term of contract is two years—1 July 2006 until 30 June 2008. The contract contains options to extend beyond that time. There are four one-year extensions. There is a provision to do up to that.

Senator WONG—At the discretion of the department?

Mr Dolan—Yes, Senator.

Senator WONG—Are you able to give me an indication of what is assumed in terms of the number of JCAs in these forward estimates figures?

Mr Dolan—There are approximately 370,000 assessments each year. That is the order of magnitude.

Senator WONG—That is for the whole forward estimate period?

Mr Dolan—Three hundred and seventy thousand per year.

Senator WONG—There is no fluctuation over the years?

Mr Dolan—I am only giving you an indicative figure. I would have to get back to you on notice as to the precise estimates.

Senator WONG—I am just trying to get a ballpark. So 370,000 assessments per year—

Mr Dolan—The figure is slightly lower in the out years. I think that there was an assumption of an initial burst of some assessments in the first couple of years and then they would come down based on the estimates that I have given you of expenditure for job capacity assessment. There is not a huge difference in figures.

Senator WONG—Perhaps on notice you can just confirm what variation there might be. Do I assume then that there is an assumed average unit cost per assessment?

Mr Dolan—Yes, there is, as built into the budget calculations—

Senator WONG—Can you tell me how that is done?

Mr Dolan—They were figures agreed by Finance as part of the Welfare to Work package. The figures we have in the tender process are consistent with the forward estimates.

Senator WONG—So with 370,000 assessments obviously that may mean fewer clients?

Mr Dolan—There would be no assumption of the price coming down. There would be an assumption of slightly fewer clients.

Senator WONG—I was going back to a couple of earlier questions. The assumption over the forward estimates period is 370,000 assessments, not 370,000 clients.

Mr Dolan—That is right. We pay by assessment.

Senator WONG—What about the assumption underpinning the JCAc?

Mr Dolan—The assumption underpinning the job capacity account is that the 6.8 per cent of assessments—assuming assessments and people assessed were the same—would lead to referral to a job capacity account at an average cost of \$1,000 per assessment. That is where we got the figure of approximately \$26 million per year assumption.

Senator WONG—Do you assume a standard cost in your 370,000 assumption?

Mr Dolan—Of course an assumption would have been made around that. As for the actual contract price, we pay a standard price per assessment and there is an additional higher price where an assessment involves an impairment rating—and I think that we went to this some sessions ago—and then we pay an additional amount for an interpreter and for remote loading. All of those are consistent with the forward estimates.

Senator WONG—As for the average cost of \$1,000 per assessment, that is in terms of the account. This is just an assumed average. You do not break it up—say, X per cent might have to go to a more expensive specialist or X per cent might have to go to—

Mr Dolan—It is an average. Providers are told that if some clients are referred to an account that costs less, then they can spend more money on another person if they need a more intensive service. So we give providers some flexibility as long as they meet the average.

Senator WONG—Can you tell me how much was rephased in 2006-07 to 2007-08?

Mr Dolan—There was \$6 million of the job capacity account rephased. That figure does appear on page 21, at table 2.4. See 'Job capacity assessment, \$6 million'.

CHAIR—Are there any other questions for outcome 1?

Senator WONG—I have CRS questions but I have finished with the department. CRS are under output 3.

[8.50 pm]

CHAIR—We will go to CRS Australia.

Senator WONG—I wanted to unpack the PBS budget and financial statements for CRS. I am working off page 67 of the PBS. Can you tell me what goods and services comprises?

Ms Carmody—Goods and services is made up predominantly of the funds from our core customer, which is DEWR—the Department of Employment and Workplace Relations.

Senator WONG—Payments from, did you say?

Ms Carmody—Payments, yes, also from the work that we do in the WorkCover market and in injury prevention and a range of other contracts where we work for other agencies—Commonwealth, state or private.

Senator WONG—Are you able to disaggregate that for me in terms of the sources—how much is DEWR and how much is external?

Ms Carmody—Yes. In the current year, the DEWR amount is \$181.46 million. That can also be sourced from the DEWR PBS.

Senator WONG—I thought so, but then I thought I might just ask you, rather than going and tracking it down. Are you able to give it over the forward estimate period?

Ms Carmody—We expect that our revenues from DEWR next year will be of the order of \$185.9 million.

Senator WONG—Is this 2007-08?

Ms Carmody—Yes, and in 2008-09 we expect it will be \$180.6 million.

Senator WONG—So the increase in revenues is assumed to be from revenue sources other than DEWR.

Ms Carmody—That is correct. We have a range of contracts that we are expecting additional work to flow from next year. So it is a slight increase.

Senator WONG—Are you able to give me some details about that?

Ms Carmody—Yes, I can. One of the contracts we have been doing for the last three or four years has been the wage assessments in business services for the Commonwealth Department of FaCSIA. We started that contract about three years ago and there were a significant number of wage assessments done in that first year. They are coming up for their first review in the coming financial year. We expect increased revenue from that contract in that time.

Senator WONG—There might be a quicker way of dealing with this and you might want to take it on notice. I am interested in what you are assuming—if you have this information—for non-DEWR goods and services income over the forward estimate period with an indication, if you have it, where that relates to an existing contract.

Ms Carmody—We would not be able to identify the specific purchasers as that material is really commercial-in-confidence.

Senator WONG—No, it is not. The nature of the contract might be, but not that you are contracting with them.

Ms Carmody—And how much we are doing with them. If we are doing work for BHP or GIO, that information and the quantity of work that we are doing is sensitive information in terms of the broader market.

Senator WONG—Okay. I am not sure that I agree with you, but I am just trying to work out whether, rather than having a fight, we can work out what I need to get here. Is there any other government source of income in terms of goods and services?

Ms Carmody—We are forecasting additional work in the WorkCover market, some of which is from Commonwealth government agencies. But, again, we are on panel contracts in that market and it is dependent on them making additional referrals to us. In terms of strategies that we have in place to do that, we have done a range of work to improve our performance across the WorkCover market and we are forecasting that we will get increased referrals flowing from that improved performance.

Senator WONG—Do I understand this correctly: the difference between the DEWR payments and the actual PBS figure is that the DEWR figure would include, I presume, a range of forecast income? I can work out what the quantum of that is because it is just the DEWR payments minus the figure. I am interested in what is assumed or forecast and what is under a contracted arrangement—that is, you know you are going to receive that income.

Ms Carmody—Okay, I can expand on that now. The entire revenue projection is subject to demand and performance.

Senator WONG—Okay.

Ms Carmody—That includes our DEWR work. If there is not a job seeker knocking on the door, we do not get paid.

Senator WONG—What is the assumption about the number of job seekers that you will see over the forward estimates period?

Ms Carmody—In the current year we have an estimate of around 32,000 new programs starting, and we started the year with around 16,000 job seekers as work in progress—they were on programs already. They are typically programs of between nine and 12 months, so they take some time to work through the system. In 2007-08, we are forecasting 28,000 new programs commencing, but we expect that our job seekers still on programs as of 1 July—in other words our work in progress—will be somewhere of the order of 30,000 job seekers.

Senator WONG—Why would you assume your WIP at 2007-08 would be almost double what it was at the beginning of the previous financial year?

Ms Carmody—There have been a range of changes to the memorandum of understanding with DEWR in this area. We are now keeping programs open longer because DEWR has asked us to provide ongoing support to job seekers when they are in employment. We used to close a program at 13 weeks. We are now keeping that support going for job seekers through

to 26 weeks. The rules around when a job seeker may choose to close, or when we may close, a program have changed for those job seekers who have a mutual obligation or participation requirement. They will now be held open for two years. Thirdly, there is an overall increase in the number of funded programs compared with previous years.

Senator WONG—Can you give me some detail about that?

Ms Carmody—Yes. The welfare reform initiatives rolled out a significant increase. It was a 50 per cent increase in vocational rehabilitation and about 30 per cent has eventuated in the first year.

Senator WONG—In terms of referrals to you?

Ms Carmody—New funded programs, yes; and referrals to us. We are the monopoly provider from 1 July.

Senator WONG—You indicated there was a 50 per cent increase in places.

Ms Carmody—Yes. It was announced with welfare reform.

Senator WONG—And the take-up was?

Ms Carmody—We have received referrals to the tune of about a 30 per cent increase.

Senator WONG—Can you give me details of the numbers of that—on notice is fine?

Ms Carmody—In 2005-06 we were funded to provide 23,225 programs. We actually provided 25,488 in that year.

Senator WONG—That is more.

Ms Carmody—Yes. We exceeded it by about 10 per cent.

Senator WONG—You just told me that your funding increased by 50 per cent but the actuals only increased 30 per cent. I do not understand this.

Ms Carmody—The increase is from the 2005-06 year, so the 23,225 is the case—

Senator WONG—Let us go through it. Is 2005-06 the baseline?

Ms Carmody—Yes.

Senator WONG—In 2005-06 there were 23,225 programs. That does not equate to individuals, because an individual may do more than one program; is that right?

Ms Carmody—It is unlikely in one year.

Senator WONG—So it probably equates to individuals.

Ms Carmody—Yes.

Senator WONG—In 2006-07 the budgeted increase was for how many programs?

Ms Carmody—I have an estimated figure—

Mr Princehorn—I think 36,000 was the estimate.

Ms Carmody—of 36,000 total new programs. We estimate at the moment that in 2006-07 we will have commenced 32,000 new job seekers in programs.

Senator WONG—Has there been any adjustment over the forward estimates for the budgeted places as a result?

Ms Carmody—DEWR is on next week and it would probably be best to ask them, but I think the numbers next year are higher than they were previously. There is an increase coming through next year.

Senator WONG—What is the forward estimate of your budget projection?

Ms Carmody—We are forecasting 28,000 job seekers and we expect that that will represent about 70 per cent of the market.

Senator WONG—And in 2008-09?

Ms Carmody—We forecast 25,000 job seekers for CRS, and that represents about 65 per cent of the overall program.

Senator WONG—So at the moment you are about 4,000 below what was budgeted.

Ms Carmody—In the current year, yes.

Senator WONG—That is what is likely to be the difference between the budgeted and estimated actual; is that right?

Ms Carmody—Yes.

Senator WONG—Is there a budgeted unit cost per client for the program?

Ms Carmody—There is a new funding model this year which is dramatically different to how we were funded in past years. It is published in the RFT that was put to the market. It is not easy to say it is worth \$5,000 or \$10,000 because it depends very much on where a job seeker goes with their program. But DEWR could expand on that for you next week.

Senator WONG—To be honest with you, I think that is unlikely. But, you never know, they may have a conversion on the road to Damascus. The employees category is what—salaries and on-costs of CRS?

Ms Carmody—Yes.

Senator WONG—Suppliers?

Ms Carmody—Suppliers are a whole range of people from cleaning contractors through to security staff, architects designing fit-outs and also our fee-for-service providers.

Senator WONG—Meaning specialist providers?

Ms Carmody—Yes. If, say, the team in Moree needs an occupational therapist, we can source that locally on an hourly basis.

Senator WONG—What proportion of this relates to suppliers who might be associated with maintenance and the normal running of CRS and what proportion is for specialist providers you might bring in, like occupational therapists, et cetera? Are you able to give me those figures?

Ms Carmody—I could take the question on notice.

Senator WONG—Thank you. I am a little confused by something you said, though. You said 28,000 with a 30,000 WIP.

Ms Carmody—Yes.

Senator WONG—The assumption about the WIP is 30,000 continuing. What about for 2008-09? You have got 25,000. I presume these are commencements?

Ms Carmody—I said 25,000. We think work in progress is 26,000 to 28,000. Those estimates are very much dependent on the labour market and our capacity to work with the jobseekers that come through the local area.

Senator WONG—Sure. I do not want to be doom and gloom, but is any assumption of job reductions built into your forward estimate?

Ms Carmody—At the moment, the revenues coming from DEWR are fairly constant through to 2008-09. We currently have about a hundred more staff than we had in 2005-06 and we are basically estimating that by June 2009 we will return to 2005-06 levels.

Senator WONG—Yes, I think that you discussed this with me at additional estimates, or previously.

Ms Carmody—Yes. We are expecting that there is little bit of a peak to work out by 2009.

Senator WONG—Thank you very much Ms Carmody. You have been very helpful. I have finished with CRS.

Proceedings suspended from 9.07 pm to 9.26 pm

CHAIR—I call the committee to order.

Senator Ellison—Regarding the question we were asked earlier about active and passive campaigns, my inquiries have revealed that GCU adopts the media jargon: ‘active’ is radio and television, and ‘passive’ is print only. So although it sounded rather odd saying it was not an active campaign, because it was very much a campaign which was carried out, it was not TV and radio; it was print only. If there is anything that needs to be added to that, I will add to it, but that is my understanding of the terms ‘passive’ and ‘active’.

The other question was about the website. The issue there was that we referred to three overseas cards, implying that they had biometrics. We have looked into it and certainly these overseas cards do not have the biometrics but have smartcard technology. But we say that when you look at the website—and if I had had the page earlier I could have readily understood where Senator Stott Despoja and Senator Nettle were coming from—under the heading ‘Based on tried and tested technology’ there is a description of the overseas cards. Biometrics was discussed previously under two separate headings. What we should do and will do is, in the heading ‘Based on tried and technology’, insert the term ‘smartcard technology’. That is what is meant, but I still think that a reader coming to that would think that it is not biometrics. Some could argue that they think it refers to the biometrics mentioned in preceding paragraphs, which are under different headings. So for the sake of one word I think we can clear this up very well and we will insert ‘smartcard’ in the heading to show that, when we refer to these overseas cards, we are referring to them having smartcard technology.

CHAIR—Thank you for that clarification, Minister.

[9.28 pm]

Centrelink

CHAIR—I welcome officers from Centrelink.

Senator LUNDY—I would like to start with the contracts relating to the access card. Does Centrelink have any contracts out for tender or concluded relating to the access card?

Mr Whalan—Broadly, the answer is no, but I will get that confirmed by the relevant officer.

Ms Moy—There are no tenders out for Centrelink business in relation to the access card. The only contracts we have at the moment are with contractors who are working with us on some of our scoping and development work.

Senator LUNDY—Who are they, and what are those contracts worth?

Mr Whalan—These are contracts with individual staff. This is not a large contract with a large amount of work. Instead it is hiring ‘Bill Smith’ and ‘Glenys Jones’; it is hiring two people.

Senator LUNDY—How many contractors do you have engaged on work to do with the access card?

Ms Moy—I can take the number on notice. The actual value of those contracts up to the end of March 2007 was \$743,000, which is included in our total expenditure.

Senator LUNDY—On the table provided to us earlier by DHS, the 2006-07 expenditure relating to the access card is \$11.2 million. What is that being spent on if \$743,000 of it is being spent on contracted staff?

Ms Moy—The actual expenditure up to March 2007 for us was \$2.3 million. The \$11.2 million was the appropriated amount.

Senator LUNDY—So this table is already inaccurate! What is your estimated actual for 2006-07?

Ms Moy—The actual amount, which is the same amount that was advised by the Office of Access Card earlier, is that our actual expenditure to date on staff and contractors has been \$2.3 million.

Senator LUNDY—What is the remainder?

Ms Moy—The \$11.2 million was the total dollars we had to work with. Not all of it will be spent this year.

Senator LUNDY—Of the \$11.2 million, you will have spent \$2.3 million—

Ms Moy—Until March 2007.

Mr Whalan—Until the end of March, the expenditure is \$2.3 million.

Senator LUNDY—That leaves \$8.9 million.

Ms Moy—The estimated expenditure will be approximately \$9 million. I can get back to you on the actual details. At this stage, some of the expenditure is related to the work that we have been requested to do by the Office of Access Card.

Senator LUNDY—I am trying to get a figure for how much you are going to spend—

Ms Moy—\$9.6 million.

Senator LUNDY—Is that within this current financial year?

Ms Moy—Yes.

Senator LUNDY—What else will you be spending that on? We know about the \$2.3 million.

Ms Moy—Primarily, there is an amount of work that we are doing at the moment. Some of it is to do with scoping our systems requirements.

Senator LUNDY—Who is doing that work?

Ms Moy—Centrelink and our contractors.

Senator LUNDY—That is, again, individuals coming in on contracts to perform scoping work—

Ms Moy—And Centrelink staff.

Senator LUNDY—between now and the end of June.

Mr Whalan—From the end of March until the end of June.

Senator LUNDY—Can you do \$7.3 million worth of scoping in three months?

Ms Moy—I can get back to you on what the actual expenditure is expected to be.

Senator LUNDY—What else is going to be done in spending \$7.3 million in three months?

Ms Moy—Primarily, the work is IT scoping.

Mr Wadeson—One of the projects at the moment is that we are designing a testing strategy. To give you an idea about that, we have four or five of our leading technical specialists and a group of others doing this. It is quite a significant exercise and body of work. The draft documents are immensely technical. It is the sort of work we do where we are saying, ‘If this is to work in the Centrelink environment, these are the things we would need to test.’

Senator LUNDY—What are they scoping for?

Mr Wadeson—Generally the scoping is around the question, ‘When something comes into the Centrelink environment, what will Centrelink need to do?’ We also give the Office of Access Card a lot of assistance on technical and business issues around scope and size. All those sorts of issues are part of it because the planning and design of this is an immense task.

Senator LUNDY—I can imagine. Are you going to try and do it all in three months?

Mr Wadeson—No, this is just a phase of the project.

Senator LUNDY—I appreciate that. I am just a bit curious; it seems an awful lot of money to try and spend before the end of the financial year. Are there any other substantive projects that you can identify as part of the expenditure, or is it the case that \$7.3 million will somehow be allocated towards scoping the IT project?

Mr Wadeson—There are a whole lot of other things going on, such as the impact on our own forms and letters system. Most of it is at the technical end. I think we would be very lucky to spend that much money. That would be my guess. Our ability to work on this—we have a lot of things going on at the moment, with the end of the financial year—means that we will probably underspend on this.

Senator LUNDY—Will the anticipated underspend be carried forward into the next financial year? What will occur with the underspend in these projects?

Mr Whalan—We would expect that they will be carried forward into the next year.

Senator LUNDY—Can you take on notice providing the committee with an update as to the expense appropriations relating to the access card for Centrelink once the end of this financial year is over?

Mr Whalan—Yes, we will.

Senator LUNDY—As soon as you have got some clear idea of how much money you are going to spend. The capital appropriation for 2006-07 was \$2.3 million; is that fully expended?

Ms Moy—No, the capital appropriation will be rolled to next year. Some of the work we were doing on the capital appropriation was in relation to design with the systems integration successful tenderer. That will not be done this year, as we do not yet have the successful tenderer. So that will be rolled to next year.

Senator LUNDY—So the \$12.7 million for next year will become \$15 million. What is Centrelink's involvement with the two tenders that are currently out on the access card?

Ms Moy—We assisted and advised the Office of Access Card in the development of the tender, as it reflects Centrelink processes and service delivery policy. The other involvement we have had is in provision of staff in the assessment of the tenders.

Senator LUNDY—What proportion of Centrelink's staff and cost of staff is allocated against the access card? Is it just those services that you have already described, or are there more?

Ms Moy—In assisting with the tender, do you mean, or—

Senator LUNDY—The tender or any aspect of the access card.

Ms Moy—We have approximately 36 full-time staff who work on the access card.

Senator LUNDY—And that is in addition to the contractors you described?

Ms Moy—That is correct.

Senator LUNDY—Are there any contracts at all associated with the access card that you are involved with?

Ms Moy—Not for Centrelink, no.

Senator LUNDY—What proportion of the 2006-07 IT figures for Centrelink can be attributed to the access card and associated expenses?

Mr Wadeson—If we spend the \$9 million or \$10 million that was estimated, our expenditure would only be a few per cent of that. It is very small.

Senator LUNDY—So all the substantive costs that Centrelink will incur are contained within the access card appropriation tables, and they are distinct from the costs associated with Centrelink's IT?

Mr Wadeson—Yes.

Senator LUNDY—Why couldn't you provide the committee with the 2007-08 and 2008-09 estimates for IT expenditure?

Mr Wadeson—The IT expenditure itself is determined from Centrelink's global budget and we are in the process of having those discussions at the minute as to how we divide it up internally. Like everyone else, I am competing for my share of the cake at the minute.

Senator LUNDY—You have been doing pretty well lately.

Mr Wadeson—We have had some big projects. My fear is that we could be in for a leaner year because with Welfare to Work now substantially behind us, although there are some reasonably sized projects in the budget, if you exclude any possible impact of access card I suspect, at best, we will be flatlined.

Mr Whalan—The reason that the IT spend has gone up significantly has been because of the very large bills in relation to Welfare to Work and also the Refresh program, which is—

Senator LUNDY—And your new database.

Mr Whalan—That is part of the Refresh program. So it has one more year to run but the IT spend has been up for those two reasons.

Senator LUNDY—To give me a clearer idea about those increments, could you take on notice disaggregating that with specific projects across the categories that you have managed to break it down into in the answer to this question.

Mr Wadeson—We will do that with the major projects.

Senator LUNDY—I would like to go to fraud and compliance. Can you explain in the portfolio budget statements the additional \$519,000 allocated in the 2007-08 budget measure for Centrelink's fraud and compliance initiatives?

Dr Browne—Page 18 is actually the Department of Human Services.

Senator LUNDY—It says 'fraud and compliance'. Why does it say that there and how does it relate to Centrelink?

Mr Popple—As we discussed earlier with Senator Wong, DHS was responsible for bringing forward a range of compliance measures on behalf of a number of other portfolios, including DHS. This particular one that you are talking about is a strategic one; it is part of a review which the government has asked us to undertake prior to the next budget.

Senator LUNDY—What is the total amount Centrelink is estimating to spend on its anti-fraud and compliance measures? I know in the tables that start on page 81, there is a whole series of them. Do you have the total figures for the current and out years?

Dr Browne—Senator, do you mean in relation to the measures that are here or are you talking about measures from former budgets?

Senator LUNDY—I do want the measures and the figures, the costs, from 2005-06 and 2006-07. I note that these papers obviously only have the 2007-08 figures onwards. So perhaps we could start there and you could tell me the totals of those initiatives for fraud and compliance in each of the out years. And take on notice if you have not got the numbers here tonight for 2005-06 and 2006-07.

Dr Browne—I can give you the Centrelink expenditure measure by measure over the out years, if I have it. Is that what you are asking for?

Senator LUNDY—I am asking for the total that Centrelink is spending.

Dr Browne—I do not have a total. I would have to take that on notice.

Senator LUNDY—Someone could add it up. If you go through this document you can just add the numbers together and come up with a total. Could someone do that while we talk?

Dr Browne—We will get someone to do that.

Senator LUNDY—Thank you. Would that be just the ones in Centrelink? I notice there are also ones in DEWR and ones across other agencies and departments.

Mr Whalan—The background to that is that we have split them by the department they were sourced from.

Senator LUNDY—Right, but it is still a Centrelink measure, so it would total all of those?

Mr Whalan—Yes, it will give you a total of all of those.

Senator LUNDY—If you could add that up, that would be immensely helpful. What I am particularly keen to know is how each of these measures listed here fits into the government's campaign—for example, the Support the System that Supports You campaign, optical surveillance et cetera. While the description is here, the branding, if you like, of the government campaign is not. So I want to know: which of these measures fits within that sort of public campaign?

Dr Browne—The Support the System that Supports You campaign was funded out of the 2004-05 budget over four years. The measures that are in this year's budget are separate to that. They are not building on that campaign.

Senator LUNDY—So these are entirely separate to Support the System that Supports You?

Dr Browne—They are separate to that campaign.

Senator LUNDY—They are over and above?

Dr Browne—Yes.

Mr Whalan—Senator, I have the figures that you asked for.

Senator LUNDY—The totals?

Mr Whalan—Yes. They are a mix of new initiatives and the refunding of initiatives that otherwise would have lapsed. Across the out years, 2007-08 is \$41.9 million; 2008-09, \$38.0 million; 2009-10, \$19.5 million; and 2010-11, \$5.6 million.

Senator LUNDY—Thank you for that. As far as those new measures go, is there an associated campaign and what is the cost to promote them?

Dr Browne—No, there is not.

Senator LUNDY—What proportion of those overall figures that have just been described can be attributed to public or client awareness or an advertising campaign or media blitz? How are you going to get the message out, seeing there are nine specific measures?

Mr Whalan—There is no funding for publicity for those measures.

Senator LUNDY—So these nine new compliance measures will just be pursued in-house without telling people that you are doing them?

Mr Whalan—There has been the ongoing campaign, Support the System that Supports You.

Senator LUNDY—Sure, but that has got nothing to do with these measures we have just heard?

Mr Whalan—They are related. The Support the System that Supports You campaign is about, ‘Can you make sure that you always give the right information and then you won’t find yourself in a situation where you have created a debt.’ Most of these are about how you would identify people who have been inadvertently or advertently doing the wrong thing?

Senator LUNDY—So you are going to spend \$41 million, \$38 million, \$19.5 million working that out for these nine particular measures?

Mr Whalan—Taking action.

Senator LUNDY—Taking action?

Mr Whalan—Taking action to identify whether there are examples of people who either advertently or inadvertently have not reported the correct information.

Senator LUNDY—What are you expecting to save through the expenditure on these additional fraud and compliance measures?

Mr Popple—The net save over next three years is \$269 million. The total save is \$383 million. That includes—

Senator LUNDY—Can you give me the annualised breakdown of that in relation to these nine new compliance measures?

Mr Popple—I was going to say that that is for the whole package. I would have to take it on notice to break it down against the specific measures.

Senator LUNDY—How much is it overall?

Mr Popple—Overall it is a total save of \$383 million over next three years.

Senator LUNDY—Over three years. So you cannot even give me the 2007-08 numbers?

Mr Popple—No. Sorry; the net figure is \$269 million. As I said, though, that is for the whole fraud and compliance package. Two of the measures apply to Veterans' Affairs. But we can take it on notice to see if we can break it down for you.

Senator LUNDY—Yes. I would be very interested to know how much you think you will save through, let's pick one out, 'Fraud and compliance—age pension—data exchange with the United Kingdom'.

Mr Popple—Senator, while we are responsible for the overall package, particular departments have responsibility for some of these individual measures, and that one would be a matter for FaCSIA.

Senator LUNDY—But you have got the overall figure. Are you telling me you do not have the estimated savings from that agency or department?

Mr Popple—If you wanted to go into more detail behind the rationale for it, it would be more appropriate to apply to policy—

Senator LUNDY—I just want the numbers.

Mr Popple—For that particular measure, the total save is \$107 million.

Senator LUNDY—For that particular one?

Mr Popple—Yes.

Senator LUNDY—So you do have a breakdown. Or were you just given that?

Mr Popple—I have got bits of it, yes.

Senator LUNDY—Okay. Why don't you tell me which bits you've got? So is that the total over the three years?

Mr Popple—Yes.

Senator LUNDY—And what was it?

Mr Popple—It was \$107 million.

Senator LUNDY—That is a reasonable proportion of \$269 million.

Mr Popple—Yes.

Senator LUNDY—So that is a major one, you reckon?

Mr Popple—This is a gross figure.

Senator LUNDY—What else have you got there?

Mr Popple—Which one are you interested in, Senator?

Senator LUNDY—Let us start at the top, shall we? 'Fraud and compliance—age pension—additional assessments of the value of real estate assets' is costing you \$650,000 next year and \$507,000 in the subsequent financial year. What are you saving?

Mr Popple—Ten million dollars, Senator. That is the gross.

Senator LUNDY—So you would then delete the cost of that compliance; so it would be just under \$9 million?

Mr Popple—That is right, Senator.

Senator LUNDY—The next item, ‘Consistent assessment of family tax benefit’, seems to have quite a high cost—in fact, over \$10 million over the three years. What are the savings?

Ms Williams—Senator Lundy, we seem to have a slight disagreement on the figures, and I am a little bit worried that you are taking down figures that may be wrong. Can we come back to you with that split?

Senator LUNDY—Yes, that is fine. I am very keen to get it, and I would prefer to get those figures disaggregated on an annual basis as well.

Ms Williams—If we could come back to you, because there seems to be a little bit of a disagreement. We would prefer to give you the correct figures.

Senator LUNDY—Yes. I think that would be good. So I have the costs of those programs; what I would like to know is the net savings for each of those programs across each of the out years.

Mr Popple—Yes, Senator.

Senator LUNDY—Thank you. Going back to the Support the System that Supports You campaign, how much of that campaign is ongoing as far as what was budgeted for in 2004-05; and do you have a table showing the expenditure in 2005-06 and 2006-07?

Mr Whalan—Senator, it is a DEWR campaign. They have responsibility for it. We do not have any figures on any expenditure that is still outstanding. It is a question for DEWR.

Senator LUNDY—Do you have any of the savings figures associated with the support the system campaign?

Mr Whalan—No, we will not.

Senator LUNDY—Are you able to take that on notice?

Mr Whalan—No, DEWR would have those figures. We do not have the figures.

Senator LUNDY—Can you provide the figures on the number of people convicted for social security fraud in 2005-06 and 2006-07?

Mr Whalan—In 2005-06 there were 2,822 convictions with associated savings of \$34.3 million. For 2006-07 we have not yet got those figures. We are still on our way through the year.

Senator LUNDY—Have you got any year-to-date figures?

Mr Whalan—All I have is a figure of the referrals to the Director of Public Prosecutions. As at the end of April, there had been 3,383 referrals. But I do not have the number of convictions.

Senator LUNDY—If you could take it on notice to provide the year-to-date figures, that would be helpful. Do savings calculated for each fraud initiative count the total savings achieved from the Centrelink client? So those estimates you were giving about the new initiatives, for example, do they relate to what you expect to save from that client? How do you actually record that or note that in your fraud initiatives? How do you do the calculation

between what you have saved on previous fraud initiatives and carry that forward to estimate your fraud savings in the future?

Dr Browne—Generally speaking for each new budget initiative there would be a methodology agreed with the Department of Finance and Administration and we would calculate the savings at the end of each year on the basis of that methodology. Where there is a program that is built on an existing budget measure and that is exactly the same activity there is a baseline which is taken to represent the work that is already happening and then the additional part over and above that would be attributed to the new budget measure.

Senator LUNDY—So when you record the detail of it, are you able to record a breakdown of the different reasons that Centrelink customers have been charged with fraud and attribute the costs to each of those types of fraud?

Dr Browne—Not broadly speaking, no.

Senator LUNDY—But surely you would have those numbers somewhere?

Dr Browne—We would have separate figures in relation to aspects such as identity fraud because that has been funded separately as a budget initiative. We would have that sort of category.

Senator LUNDY—Can you provide what detail you can about the different categories of fraud and the numbers of people who have been charged and found guilty?

Dr Browne—I will take that on notice.

Senator LUNDY—What percentage of Centrelink fraud is because customers deliberately underestimate their income compared to customers who unknowingly underestimate their income? I am looking for the figures for both.

Mr Whalan—I will confirm this, but I do not believe we would know the answer to that.

Senator LUNDY—Don't you record it differently?

Mr Whalan—I think it would be hard to verify whether someone had done it accidentally or deliberately.

Senator LUNDY—So you treat them all the same.

Mr Whalan—There is information about prosecutions but, even then, I think it is hard to disaggregate the extent to which someone has—

Senator LUNDY—Can you provide me with aggregated figure then?

Mr Whalan—We can, yes.

Senator LUNDY—What is it?

Mr Whalan—You want an aggregated figure of?

Senator LUNDY—Of fraud because customers have either deliberately underestimated their income or unknowingly underestimated their income. So they have underestimated their income for whatever reason.

Mr Whalan—Let us just check that.

Senator LUNDY—While you are talking about that, in February this year the department said there had been a total of 74 incidents where Centrelink had been involved with police on field operations. Can you provide an update of these figures from 2006-07 on a month by month basis?

Dr Browne—We can take that on notice.

Senator LUNDY—How did you go with that other number?

Mr Whalan—While we are settling this, there are a huge number of people who inadvertently provide the wrong information about their income estimates.

Senator LUNDY—Sure; they are not all convicted though. I want to know the convictions.

Mr Whalan—The vast majority of those are regarding family payment reconciliation arrangements. If you then go to those people who we choose to prosecute, we would have to take that on notice.

Senator LUNDY—Do you have a number of people who have underestimated their income and not been prosecuted?

Mr Whalan—We can give you a number of people who have a reconciliation change at the end of each year.

Senator LUNDY—What is that number?

Mr Whalan—We would be able to get you a figure which would be the number of people who get a change to their family income estimate at the end of each year. This would be a very large number because it is a very hard thing to calculate and get correct.

Dr Browne—We have bits and pieces of information. We could give you a figure for the people on working age payments who have knowingly underestimated their income and who have had an administration fee imposed. We could give you that figure.

Senator LUNDY—If you could break it down as much as you possibly could, that would be helpful. I will leave that on notice.

Dr Browne—We will take it on notice and see what we can find.

Senator LUNDY—I am going to place the rest of my questions on notice. I would like to move on to Medicare too.

Senator BOYCE—I just want to refer you to your answer on notice to question No. HS20 around assaults and security provisions in Centrelink offices. I notice that you say here that you are working to improve your customer service strategies as well as security and training. I was recently at a forum of a group of parents in Townsville who characterised the Centrelink agency there as being like a remand centre. I was wondering if you could talk a little bit about the balance between being customer friendly and having security. This was a group of parents of children with disabilities, which is obviously quite a separate and perhaps more distinct demographic group than the people you are probably putting the security in place for. Could you talk a bit about that and the balance?

Mr Whalan—I am disappointed to hear those comments.

Senator BOYCE—That is why I brought them to your attention.

Mr Whalan—If you look back at Centrelink over the last several years, there has been quite a radical change in terms of opening up the offices—they used to be quite closed—and trying to create an environment which is a far more welcoming environment in those offices. They are open and you can walk in. You can sit next to a staff member at their desk. For someone with a child with a disability, we have arrangements in place where people can ask to book a time for an interview to try to make it convenient for them. We have specialist officers who are trained in dealing with disability issues.

I have put a lot of effort into trying to make sure that at the front of each office there is a customer liaison officer whose job it is to welcome people into the office to try to make sure that people do not get lost and sit down in a waiting area, assuming that that is where they are going to be seen, rather than being booked in so that we know that they are there. We put a lot of effort into measuring customer satisfaction and holding focus groups of different groups of customers. There is no doubt that we now have—and I think Townsville would be an example—more participation, with customers coming in more regularly to some offices.

Senator BOYCE—I am sorry?

Mr Whalan—There are more people who are unemployed on the Newstart payment who we are bringing in more regularly at some offices, and Townsville is an example of that. I think what I would like to offer—and it may have already happened—is to arrange to meet with that group of parents to talk to them about the service that we provide and how we could improve the service for them.

Senator BOYCE—I was intending to advise them of the sort of response I got, so I will make that offer very clear to them and perhaps cc you on the letter.

Mr Whalan—I would be very happy to follow that up.

Senator BOYCE—Good—thank you.

CHAIR—I thank the officers of Centrelink.

[10.11 pm]

Medicare Australia

CHAIR—I welcome the officers of Medicare Australia.

Senator LUNDY—I will kick off with the usual question about contracts relating to the access card within Medicare. Are there any and what are they worth?

Ms Argall—I will answer the general question and then Mr Honeyman will provide some of the details. In relation to the expenditure on the access card, there are a number of work packages that have been approved by the Office of Access Card and those work packages in general terms relate to staff resources to assist the Office of Access Card in the analysis work and some technical work in preparation for developing our infrastructure to transition to an access card world. In relation to the technical infrastructure, that is predominantly delivered by IBM, which is our outsourced contractor for IT services.

Senator LUNDY—Dealing with the technical infrastructure first, what can you point to and describe, expenditure wise, that can be specifically ascribed to the access card, and what is the value of the work that IBM is doing?

Mr Honeyman—That particular infrastructure you are talking about is in the realm of \$8 million, although we plan to expend about \$6 million of that this financial year. All of that money does not relate just to IBM; there are also Medicare Australia staff resources in that mix.

Senator LUNDY—How is that expenditure governed? Is it a variation on their existing contract? Is it an additional contract? How does it work?

Mr Honeyman—It is contained within the existing contract. It is a work order within that existing contract.

Senator LUNDY—Has that work order for the \$8 million been approved?

Mr Honeyman—That work has commenced, so it has been approved.

Ms Argall—One of the items I did not mention is extra bandwidth for our Medicare offices, for example. That would be normally part of the services delivered by IBM under their contract.

Senator LUNDY—Are you able to assign a cost to that requirement?

Mr Honeyman—That network upgrade is a separate package of work, and that is also with our telco provider in Optus. That is in the realm of about \$2.5 million.

Senator LUNDY—Was that a work order within their existing contracts?

Mr Honeyman—Yes, that is correct.

Senator LUNDY—Will that be expended in the current financial year?

Mr Honeyman—Yes, it will be.

Senator LUNDY—What else?

Mr Honeyman—We have only 5 additional contractors who are providing business analyst work. We hire them off our existing panel and three work through a company called Compass and two are from Peoplebank.

Senator LUNDY—What are the terms and conditions of that relationship?

Mr Honeyman—My understanding is that they are with us until the end of the financial year. I need to clarify that. They have been with us since November 2006 and they are with us until 30 June. The expected expenditure on that is about \$360,000.

Senator LUNDY—Any others?

Mr Honeyman—No.

Senator LUNDY—Contained within the table that was distributed earlier by DHS are the expense appropriations for Medicare. Are the expenses you just described for that IT contained within the overall costs in that table?

Mr Honeyman—That includes the IT work; yes—for access card, yes.

Senator LUNDY—Turning to the answers to questions on notice in relation to IT expenditure within Medicare, what proportion of the costs in that table can be attributed to the access card?

Mr Honeyman—We would have to take that on notice.

Senator LUNDY—I presume they are in those figures, though?

Mr Honeyman—They are.

Senator LUNDY—They are proportioned in those numbers?

Ms Argall—Yes, they are.

Senator LUNDY—Is there any other IT expenditure that relates to the access card specifically beyond the three contracts you have described that would be contained in the IT expenditure breakdown?

Mr Honeyman—It would be our internal ITSD staff. That would be the only additional expenditure, but that is contained in the table and in our access card expenditure.

Senator LUNDY—Right. So the IT component of the access card expenditure on the appropriation tables that we were provided would be built into that IT costs table?

Mr Honeyman—That is right.

Senator LUNDY—And you will take on notice what those numbers are?

Mr Honeyman—We will.

Senator LUNDY—Can you give me an idea of the proportion? For example, in 2007-08, the total expenditure was \$168 million. What proportion of that is likely to be assigned to the access card?

Ms Argall—We are currently in a process—and my colleagues will add to this—of discussions with the Office of Access Card about the requirements for 2007-08. I think the work packages are still subject to approval by the Office of Access Card.

Mr Honeyman—That is correct.

Senator LUNDY—If you could take that on notice, because that is really the relevant year for disaggregating the access card expenditure from the IT table.

Ms Argall—Can I just clarify your request. You would like the relevant access card expenditure in both 2006-07 and 2007-08?

Senator LUNDY—Yes, in the Medicare Australia IT.

Ms Argall—Yes.

Senator LUNDY—It would also be useful if you could disaggregate it in the relevant groups. Thank you. In February Medicare said that the electronic claiming transactions will cost \$15 million in its first financial year of 2007-08, \$37.147 million in 2008-09 and \$40.3 million in 2009-10. Is that estimate still the same or has it changed?

Ms Argall—Sorry, can I have the first figure again?

Senator LUNDY—\$15 million in its first financial year of 2007-08.

Ms Argall—The figures are still the same as they were when we last advised you.

Senator LUNDY—Which banks have signed up to the system?

Ms Argall—We have CBA, NAB and Money Switch, which has now renamed itself Tyro.

Senator LUNDY—Will it be ready in time? It was supposed to go live, I think you said, in mid-2007.

Ms Argall—The original government announcement was for the second half of this calendar year. The CBA is ready to run a sample of sites towards then end of this month and will be rolling out its solution in July. NAB and Tyro will be rolling out subsequent to that this calendar year, we believe.

Senator LUNDY—Will a customer have to have an account with one of those banks to be able to use Easy Claim?

Ms Mellor—Customers who have an EFTPOS card, regardless of which institution it is held with, will be able to use the solution through terminals provided by the Commonwealth Bank, by NAB or by Tyro.

Senator LUNDY—What happens if GPs do not register with the new system?

Ms Mellor—Then their patients will not be able to use the system.

Senator LUNDY—Do you know how many GPs will register for the system?

Ms Mellor—No. Our first step is to ensure that there is a reasonable offer of the solution by signing up banks, and our next step will be to continue our communication with GPs so that they understand that this is a choice that they can offer their customers.

Senator LUNDY—What is the total cost of setting up this new system: year to date, the estimated actuals for this financial year and the next financial year? While you are there, I am interested in the 2008-09 and 2009-10 financial years as well.

Ms Argall—While we are finding this year's actual expenditures, I can tell you the estimates for the out years remain as we advised at the last Senate estimates hearings.

Senator LUNDY—All I want is the estimated actuals.

Ms Mellor—I will have to take that on notice.

Senator LUNDY—What is the relationship between Medicare Easy Claim and proposed access card services, even though we do not know what the access card service will look like?

Ms Argall—A lot of work is being done and there is a strong liaison between Medicare Australia and the Office of Access Card. It is the intention to have a seamless integration of Medicare Easy Claim into the access card, if and when that happens.

Senator LUNDY—I am sure it is. I am very conscious of time. I am going to have to place the rest of my questions on notice and move to Health Services Australia. Thank you.

CHAIR—There being no other questions for Medicare Australia, thank you for appearing before us today.

[10.25 pm]

Health Services Australia

CHAIR—I welcome officers from Health Services Australia.

Senator WONG—Is the chairman, Mr Messner, not attending today?

Mr Kmet—That is correct.

Senator WONG—Is that usual?

Mr Kmet—It would be quite unusual for a non-executive chairman to attend such a hearing.

Senator WONG—You have not attended for some time, I think, Mr Kmet, so I do not know on what basis you made that assertion.

Mr Kmet—The basis is that both myself and Mr Macionis have the day-to-day carriage and responsibility for operating Health Services Australia. We believe we can address most of the questions here today.

Senator WONG—When were you appointed as managing director?

Mr Kmet—On 4 February last year.

Senator WONG—Who handled your appointment? How were you appointed?

Mr Kmet—I was appointed by the responsible minister.

Senator WONG—Who was that?

Mr Kmet—The Minister for Human Services.

Senator WONG—Who was that at that time?

Mr Kmet—Minister Hockey.

Senator WONG—How did you first become aware of the possibility of becoming the MD of HSA?

Mr Kmet—I was working in the UK. I had been working there for some three to four years. I was looking at coming back to Australia. I was recruited effectively through Hansen and Associates, who were the people appointed for the appointment for Health Services Australia.

Senator WONG—They contacted you and indicated that there was a position?

Mr Kmet—That is correct.

Senator WONG—I see that you were the CEO of UK-based Nations Healthcare, but you studied in Australia.

Mr Kmet—Yes, that is correct.

Senator WONG—Do you know Minister Hockey?

Mr Kmet—Yes, I knew him as the minister.

Senator WONG—Prior to that?

Mr Kmet—Prior to that, no.

Senator WONG—So you were contacted by—what was the name of the firm?

Mr Kmet—Hansen & Searson, I think they were called—or Talent Partners.

Senator WONG—Did you have to go for an interview, or what was the process?

Mr Kmet—That is correct. It was initially an interview over the phone. I understood that I was then appointed to a short list. At that point I came to Canberra for an interview with the board.

Senator WONG—Is your salary set by the board?

Mr Kmet—My salary is set by the board but under the guidelines of the Remuneration Tribunal.

Senator WONG—Will it be disclosed in the annual report?

Mr Kmet—That is correct, yes.

Senator WONG—I have some questions about the two most recent annual reports. The first question is in relation to the way in which directors fees are disclosed. There was an alteration as between the 2004-05 and the 2005-06 reports. The former displays income brackets and the latter lumps some remuneration together. Could you explain to me the rationale for that?

Mr Kmet—I understand there was a change in the disclosure requirements, which meant that there was a change in the way they were reflected in the annual reports.

Senator WONG—Which disclosure requirements?

Mr Kmet—Could I take that on notice?

Senator WONG—If it is in relation to the Corporations Law—and I do not know to what extent this affected the disclosures—I note that what you did in 2004-05 was to do it by tiers. So the public got an indication of how many directors were receiving fees and in which amount bracket whereas in the 2006 report we see it all lumped together with no indication of how many directors or how many specified executives are included.

Mr Kmet—I would have to take that on notice. At the end of the day the accounts as they stand in 2006 are the ones that I am most aware of. Going back to those years would be something I would have to take on notice and look at.

Senator WONG—In the 2005-06 report which executives and how many of them are included in the specified executives category? I am looking at page 94 of the 2005-06 report.

Mr Kmet—There would have been two specified executives within that list of directors.

Senator WONG—Executives not directors.

Mr Kmet—In relation to specified executives there was one, being Mr S Macionis, who was also a director for a period of time. The rest of those were specified executives.

Senator WONG—How many people are included in the category specified executives and what positions do they hold?

Mr Kmet—There are six. The positions are the ones nominated there.

Senator WONG—So COO, CFO, corporate affairs et cetera.

Mr Kmet—That is right.

Senator WONG—And are the salaries of the specified executives actually disclosed anywhere other than in aggregate terms?

Mr Kmet—No.

Senator WONG—Self evidently there was a jump between 2004-05 and 2005-06 in the specified executives from \$865,000 to \$1,111,000. Are you able to explain why that occurred?

Mr Kmet—We would need to look at that. It may well be that those specified executives were not included in the previous annual report, or the same number for that matter.

Senator WONG—Is there anyone here who can tell us that?

Mr Kmet—We could not answer that question at this point. We would need to take it on notice.

Senator WONG—On notice I would like to know which positions were included in the 2005 specified executives category yielding an \$865,101 total remuneration figure and which executives are included in the 2006 categories yielding a \$1,111,000 figure. If they are the same, are you able to provide an explanation as to why there has been such an increase in salaries and remuneration?

Mr Kmet—We could provide an explanation of the difference.

Senator WONG—Can I also have a breakdown on notice of all travel costs for the past couple of years, including airfares, travel allowance and any associated travel costs?

Mr Kmet—Yes.

Senator WONG—And an indication of whether there are international travel costs included in any of those costs.

Mr Kmet—Yes.

Senator WONG—And where are your travel costs disclosed, Mr Kmet? Are they disclosed anywhere?

Mr Kmet—They would not be disclosed separately. They would be in the expenditure column of the profit and loss statement.

Senator WONG—So perhaps you can give us an indication of what relates to executives' and what relates to directors' travel costs?

Mr Kmet—Yes.

Senator WONG—Who do you say is responsible for procurement?

Mr Kmet—We have a chief of corporate affairs who has the day-to-day responsibility for procurement.

Senator WONG—Is that person here? If so, they may wish to come to the table. Good evening, Mr West. Mr West, obviously HSA is subject to the Commonwealth procurement guidelines.

Mr West—No, that is not correct.

Senator WONG—HSA is not subject to Commonwealth procurement guidelines? Why is that?

Mr West—Because we are not an agency of the Commonwealth.

Senator WONG—So as a matter of good practice you do not comply?

Mr West—We apply the requirements of best value at the time of action.

Senator WONG—What procurement guidelines do you have? Do you have them written down somewhere?

Mr West—We have a set of written guidelines for internal use, yes.

Senator WONG—Can they be tabled, please?

Mr West—Yes, they can.

Senator WONG—You do not have them here?

Mr West—No, we do not.

Mr Kmet—Senator, we operate as does any other CAC authority or company. We apply board delegations. The board offers delegations in relation to procurement purchasing and those are essentially mandated at levels. We provide decision making according to those delegations.

Senator WONG—Are those delegations written?

Mr Kmet—The delegations are written. They are mandated by the board, as you would expect with any Commonwealth authority company.

Senator WONG—So on notice I would like a copy of the delegations and any guidelines associated with procurement.

Mr Kmet—Yes.

Senator WONG—I want to know under what parameters you operate when you procure things.

Mr Kmet—The parameters that we operate under are like those of any other commercial company.

Senator WONG—Let us not talk in the abstract. I understand your position. As you are going to provide me with the documentation, I am just clarifying it for you so you know what I have asked for on notice. What I would like to see is the documentation which sets out the parameters under which you operate in terms of procurement. Are we clear on that?

Mr Kmet—Yes.

Senator WONG—Do those guidelines deal with, for example, criteria as to what goes through an open tender, select tender or direct sourcing process?

Mr Kmet—We do not have any requirement to provide a process but for one that requires us to look at our needs and to provide a strategic judgement as to what might then allow us to achieve best value for money in any particular instance. We do not have to necessarily go through a tender process to determine that outcome.

Senator WONG—So there is nothing in any of the guidelines, delegations or other procedures which apply to your procurement processes which clarify or restrict the circumstances in which you would go to open tender, select tender or direct sourcing?

Mr Kmet—The delegations do not provide for that. The guidelines provide a general guidance for our managers in helping them to make decisions. In that respect they specify the need to look at the tender process when that might be required.

Senator WONG—Who is delegated to procure and at what level?

Mr Kmet—The delegations are on the basis of dollar amounts, not on specific functional areas.

Senator WONG—So these senior officers can procure at lower amounts et cetera?

Mr Kmet—That is correct.

Senator WONG—Does HSA contract with a company called Digital Imaging or Digital Images?

Mr Kmet—Yes, it does.

Senator WONG—When was that contract entered into?

Mr Kmet—There is a contract, as I understand it, in Western Australia with Digital Health Screening, as I think it is called. I cannot give you the exact date.

Mr West—It was around September last year, Senator.

Senator WONG—So approximately September 2006. Perhaps on notice you can confirm the date.

Mr Kmet—Yes.

Senator WONG—What is the value of the contract?

Mr Kmet—We will have to take that on notice, but it is something in the order of a quarter of a million dollars per year.

Senator WONG—What is the time frame of the contract?

Mr Kmet—I will have to take that on notice, but it is in the order of two to three years.

Senator WONG—Is it one contract that has been signed or are there a number of them?

Mr Kmet—There is only one contract that has been signed.

Senator WONG—Is there an option, or any process, for continuation?

Mr Kmet—No.

Senator WONG—Did that contract go to tender?

Mr Kmet—No, it did not.

Senator WONG—Who is the principal of that company?

Mr Kmet—Dr Peter McIntosh.

Senator WONG—To your knowledge does any member of HSA know Dr Peter McIntosh in any personal capacity?

Mr Kmet—Dr Peter McIntosh is a former colleague of mine.

Senator WONG—In what capacity was he your colleague?

Mr Kmet—He was an executive along with me at one of my previous places of employment.

Senator WONG—Which place was that?

Mr Kmet—Medical Imaging Australasia.

Senator WONG—Over what period did that association take place?

Mr Kmet—It was between 1998 and 2002.

Senator WONG—Who made the decision to grant the contract to Dr McIntosh?

Mr Kmet—It was a decision made between local management and the executive. The executive ultimately made the decision to go forward with that contract.

Senator WONG—Prior to attaining this contract, did Dr McIntosh have a previous history in the health screening area?

Mr Kmet—He is a radiologist and, as such, yes.

Senator WONG—Does he have any previous professional history associated with the services this company provides?

Mr Kmet—He has no previous history, as I understand it, with HSA.

Senator WONG—I am asking whether or not he has a professional history of providing the services that Digital Health Screening provides to HSA.

Mr Kmet—I would presume he does. I would need to go back to look exactly at the context of his history in that area, but he is a radiologist and what we do is fairly standard in the area of radiology.

Senator WONG—How did Dr McIntosh become aware of this business opportunity?

Mr Kmet—Dr McIntosh is someone that I know, as I have just mentioned, and an opportunity in Perth came up to pursue, as we have talked about. That is how he was aware of it.

Senator WONG—You advised him?

Mr Kmet—I advised him that there was an opportunity, yes.

Senator WONG—Do you think that was appropriate, Mr Kmet?

Mr Kmet—I do not think it was inappropriate in the context of the services required by the company. We needed to ensure that they were provided.

Senator WONG—Did you have any involvement in the decision to grant the contract to him?

Mr Kmet—The decision was made by the executive of the company.

Senator WONG—Which included you.

Mr Kmet—Of course.

Senator WONG—Did you declare an interest in the discussions in relation to this?

Mr Kmet—I do not have an interest.

Senator WONG—You do not regard your previous professional relationship with him as an interest?

Mr Kmet—I do not have any existing or continuing interest in Dr McIntosh.

Senator WONG—Did you declare your previous business relationship with Dr McIntosh to—

Mr Kmet—Of course.

Senator WONG—When did you do that?

Mr Kmet—That is something that is well known.

Senator WONG—Did you formally declare it?

Mr Kmet—I formally declared it within the context of the discussions we had in the executive, yes.

Senator WONG—Take me through the process. You advised your ex-business associate of a business opportunity. What happened then?

Mr Kmet—We looked at the opportunity. The provision of services regarding the contract we are currently talking about were not provided previously and we needed a service to comply with what we thought was a good service in Perth. We asked the local incumbent provider whether they would be willing to provide a service within a short period of time. That was not able to be done by that provider, so we needed to look very quickly at the option of another provider.

Senator WONG—So you then spoke to your executive group and let them know that Dr McIntosh was a possibility?

Mr Kmet—That is right.

Senator WONG—Who was on that executive group?

Mr Kmet—The executive group consists of five executives.

Senator WONG—I want to know with whom these discussions occurred.

Mr Kmet—The chief operating officer, the chief financial officer, the chief of corporate affairs and the chief information officer make up the executive group.

Senator WONG—At what point in the discussion about this possible contract with Dr McIntosh did you disclose your previous business relationship with him?

Mr Kmet—Right upfront. I should clarify that. I did not have a previous business relationship; I had a previous working relationship.

Senator WONG—I am sorry, I thought you said that he was—

Mr Kmet—A colleague.

Senator WONG—A colleague?

Mr Kmet—A work colleague.

Senator WONG—At what point in the discussions—

Mr Kmet—Right from the onset.

Senator WONG—because in answer to that question previously—and I am happy to check the *Hansard*—I think you indicated that it was common knowledge.

Mr Kmet—It was common knowledge prior, but what I am suggesting to you is that, in going through the discussion, it was common knowledge but I made a point of declaring that I knew Dr Peter McIntosh.

Senator WONG—Did you excuse yourself from the decision-making process thereafter?

Mr Kmet—There was no reason to excuse myself.

Senator WONG—It was just a question. Did you or did you not excuse yourself?

Mr Kmet—I did not excuse myself during the course of that particular discussion, no.

Senator WONG—You do not consider that there was any conflict of interest?

Mr Kmet—I have no conflict of interest in relation to that person in any way, shape or form at this point in time.

Senator WONG—You do understand that, if the Commonwealth procurement guidelines did apply, this would be a highly questionable process?

Mr Kmet—The process which we go through, as we have mentioned, is one that any other commercial organisation would. We operate in the commercial world and we need to make commercial decisions. We have applied that commercial judgement in this particular instance.

Senator WONG—To give a contract to a mate of yours?

Mr Kmet—I would not put it that way. He is a former colleague of mine, going back to 2002.

Senator WONG—Have you sought legal advice in relation to the contractual relationship between HSA and Dr McIntosh?

Mr Kmet—We seek legal advice on all contracts we put in place, and this contract would be no different.

Senator WONG—I have asked you specifically whether you sought legal advice in relation to this particular contract.

Mr Kmet—Yes, we have. The contract was drawn up by lawyers.

Senator WONG—Have you sought any additional advice from lawyers in relation to the contract with Dr McIntosh?

Mr Kmet—You would need to elaborate on that.

Senator WONG—Other than the drawing-up of the contract, have you sought any further legal advice in relation to the arrangements with Dr McIntosh?

Mr Kmet—We have sought further legal advice in relation to procurement of radiology services. We have not sought specific legal advice in relation to Peter McIntosh.

Senator WONG—Is the contract that Dr McIntosh has a contract that is limited to supply of services in Perth, or is it in other states as well?

Mr Kmet—It is limited to supply of services in Perth.

Senator WONG—Is there only one contract?

Mr Kmet—There is at this point.

Senator WONG—Is there an intention to give Dr McIntosh additional contracts?

Mr Kmet—There is an intention to continue with one more contract, yes.

Senator WONG—When is that proposed to commence?

Mr Kmet—I do not have an exact date for that.

Mr West—It is 1 July.

Senator WONG—What are the services under that contract?

Mr West—The provision of radiology services in Melbourne.

Senator WONG—What is the value of that contract?

Mr West—It is \$1 million.

Senator WONG—Are there any others?

Mr West—No.

Senator WONG—Was the \$250,000 contract over three years and therefore \$750,000? I should just check. The Melbourne one is \$1 million over how many years?

Mr West—It is per annum.

Senator WONG—For how many years?

Mr West—Three years.

Senator LUNDY—Nice work if you can get it!

Senator WONG—So that is a \$3 million contract. Is the other one for \$750,000?

Mr West—Yes.

Senator WONG—So \$3.75 million is the total value of the contracts that Dr McIntosh will get. Did any of these contracts go to tender?

Mr West—No, they did not but the Melbourne contract was approved by the board.

Senator WONG—Was the Perth contract not approved by the board?

Mr West—The Perth contract did not have to go to the board, because it was within the company's delegation.

Senator WONG—So \$3.75 million that did not go to open tender or select tender?

Mr West—Neither.

Senator WONG—So it was just a direct pick?

Mr Kmet—The Melbourne contract was not a direct pick. We tested the market, given our own knowledge of the market, and that was put forward to the board.

Senator WONG—Sorry—you did what?

Mr Kmet—We looked at two arrangements and compared the arrangements we had in Perth with the arrangements with two other suppliers; those arrangements were compared and it was adjudged by the board that the value-for-money proposition would be better with Digital Health Screening.

Senator WONG—But did you ever give those other competitors the opportunity to compete against Dr McIntosh?

Mr Kmet—As I said, there is no requirement for us to have an open tender in these situations. What we are saying is that we applied our commercial judgement; that commercial judgement allowed us to end up with a decision that this was the best value-for-money outcome for that circumstance. We believe that was the correct decision in that particular instance, yes.

Senator WONG—Minister, do you regard these contractual arrangements and this process as appropriate?

Senator Ellison—Mr Chairman, I am not a shareholder of Health Services Australia. And I think that—

Senator LUNDY—Well, actually, you probably are, since you are with the Australian government.

Senator Ellison—I am not. I checked today. I am not.

Senator LUNDY—You checked today?

Senator Ellison—There are two ministers who are, and I understand they are the Minister for Finance and Administration, and the Minister for Health I think. I have, as Minister for Human Services, Health Services Australia in my portfolio. I will convey your concerns to those two shareholder ministers. Mr Kmet has assured the committee that all procedures were followed, that the board was aware of the situation, and that the decisions were made in light of that. As to the application of Commonwealth procurement guidelines, the evidence given is that they were observed in this case, as I understand it. I will talk to the ministers concerned and if there is anything further I will get back to the committee.

Senator WONG—Mr Kmet, where does Dr McIntosh's X-ray company operate from in Perth?

Mr Kmet—It operates from our premises in—is it Hay Street?

Senator WONG—So it operates out of HSA premises?

Mr Kmet—That is where the service is delivered. Teleradiology, as is provided there, is not a site-specific service.

Senator WONG—Prior to Dr McIntosh's company moving in, was the office refurbished?

Mr Kmet—It was refurbished, yes.

Senator WONG—At a cost to whom—HSA?

Mr Kmet—That is correct.

Senator WONG—Right, so it was—

Mr West—In clarification: we moved into our new office and, as part of that fit-out, an area was built into the fit-out to allow for a radiology practice to go in there. It was not specifically fitted out for radiology.

Senator WONG—Well, it was not specifically fitted out for Dr McIntosh, but you did not talk to anyone else about the contract, so it was fitted out for Dr McIntosh.

Mr West—The interior was not fitted out. We basically fitted out our office around an area that was assigned for, at a future date, radiology. The provider was required to do the internal fit-out.

Senator WONG—On notice, I would like you to indicate to me the commercial negotiations with Dr McIntosh which preceded the arrangement to refurbish and the involvement of the board. And I would like to know on what terms Dr McIntosh occupies his lease of these premises. Is it a lease arrangement or a sublease arrangement? And I would like you to table a copy of the contract. Do you have a business development unit within the HSA?

Mr Kmet—We do have a business development manager but our business is run out of three business lines: Health for Industry, Work Solutions and The Travel Doctor, and each of those three business lines has business development people within it.

Senator WONG—Okay. And have any of these people undertaken any work for Dr McIntosh?

Mr Kmet—I am not aware of that, Senator, but we can certainly take it on notice.

Senator WONG—For example, have any HSA staff assisted Dr McIntosh in preparing tenders or any work associated with tendering for non-HSA work?

Mr Kmet—No.

Senator WONG—What is your understanding of the impact of Medibank Private's planned privatisation on Health Services Australia?

Mr Kmet—Issues to do with the structure of Health Services Australia are issues for shareholders, as you would expect in a corporate structure.

Senator WONG—Have you had any direction from the government in relation to asset transfers?

Mr Kmet—Once again, as part of the board we would consider any number of issues on behalf of the government—

Senator WONG—I am asking you a direct question, Mr Kmet.

Mr Kmet—Issues to do with the structure of the company are issues for the—

Senator WONG—I am not asking about the structure of the company; I am asking you if you have received any direction from shareholders—

Mr Kmet—In relation to?

Senator WONG—Asset transfers.

Mr Kmet—Well, that would be an issue in relation to the structure of the company.

Senator WONG—Yes, and I am asking you if you have received such a direction.

Mr Kmet—Once again, comment on that would need to be made by shareholders, as is normal in a corporate sense.

Senator WONG—It is very interesting, Mr Kmet: you are very happy to indicate that you run on a commercial basis when it comes to procurement and justifying why you do not have to comply with Commonwealth procurement guidelines, but when I ask you a specific question—I have not even asked you about the content of the direction—about whether you have received a direction you say, ‘Well, that’s a matter for government, essentially.’

Mr Kmet—You asked me whether we have received directions in relation to the structure of the company—

Senator WONG—Asset transfers.

Mr Kmet—Which would be the structure of the company.

Senator WONG—Have you received any?

Senator Ellison—Chair, I think what we can do is take that on notice. As I said, I will take this up with the minister for finance. Can I also say that Health Services Australia is in a competitive environment, and in those circumstances it is difficult to talk about commercial matters and go into commercial aspects of this company—

Senator WONG—I will move on then.

Senator Ellison—which is in competition with other companies. They are not in the same position, where they are brought before a committee and have to discuss all their commercial workings.

Senator WONG—I am moving on. There is just one more topic, Chair, if I could. Mr Kmet, are you in any negotiations with Medibank Private?

Mr Kmet—Once again, Senator—

Senator WONG—No; you personally.

Mr Kmet—Me personally?

Senator WONG—Yes.

Mr Kmet—Once again, Senator, the issues to do with any other entity which might impact on the structure of the company is a matter for shareholders.

Senator WONG—I am not asking you about the structure of the company.

Senator Ellison—Whether the company is in negotiations—

Senator WONG—I am not asking him about company negotiations; I am asking about him.

Senator Ellison—Oh, personally?

Senator WONG—Yes.

Senator Ellison—As an individual?

Senator WONG—Yes.

Senator Ellison—Okay; that is a different question—not as Health Services Australia.

Mr Kmet—Outside my role at Health Services Australia, I have no dealings with Medibank Private.

Senator LUNDY—Can you take on notice to provide details of the drug and alcohol programs that you deliver?

Mr Kmet—We can, Senator, yes.

Senator LUNDY—And how do people go about applying for support under your Group Community Fund?

Mr Kmet—The community fund is something that was established last year. It is a fund that links our staff members with activities that they—

Senator LUNDY—I appreciate that. How do you apply; is there a form?

Mr Kmet—There is a form. It is on our intranet. It is available to staff members.

Senator LUNDY—Could you provide one to the committee?

Mr Kmet—We could, yes, absolutely.

Senator LUNDY—Thanks.

Senator WONG—Has HSA been advised of any decision made by the government to roll HSA into Medibank Private?

Senator Ellison—I think that is a different question to the previous one, because this deals with what HSA as a company is planning to do. Again, it is a commercial matter—

Senator WONG—No, it is a policy matter.

Senator Ellison—and we cannot really go into commercial matters and say, ‘Well, it might be doing this, it might be doing that.’ It really is—

Senator WONG—Actually, I asked if the government had indicated that to HSA.

Senator Ellison—The fact is, it is still a question of commerciality. Of course from time to time the structure of a company is considered in this environment, but the situation is that we cannot go into commercial detail or any aspect of the company’s commercial dealings or structure to the extent that it is in a marketplace dealing with other companies and those companies are not under the same scrutiny in relation to their commercial dealings, whether they be restructured or whatever.

CHAIR—I think that is a reasonable position.

Senator WONG—Yes. I would like to ask one last question, Chair.

CHAIR—Yes, a final question.

Senator Ellison—When we have finished this I have an answer to a question on notice.

Senator WONG—Mr Kmet, did you advise either of your shareholder ministers, their officers or any other ministerial officers of the arrangements in relation to Dr McIntosh?

Mr Kmet—Sorry, did I advise who?

Senator WONG—Did you advise your shareholder ministers or their officers or anybody else within government about the contractual arrangements with Dr McIntosh?

Mr Kmet—Absolutely. The board have approved all arrangements in relation to contracts with Dr McIntosh.

Senator WONG—So is it your evidence that the shareholder ministers were aware of your previous business relationship or professional relationship with Dr McIntosh and the process of the contracts being entered into?

Mr Kmet—Yes, absolutely.

Senator WONG—Thank you.

Senator Ellison—Chair, Senator Lundy asked me about a function which is taking place on 12 June in Cairns in relation to the 60th anniversary of Australian Hearing. Can I say that numerous events are organised by agencies within my portfolio and they involve local members and senators. Notification of these events is provided to my office in an events calendar. The events calendar provided to my office listed Ms Charlie McKillop as attending the Australian Hearing 60th anniversary in her capacity as representative of Warren Entsch MP, the federal member for Leichhardt. I understand that Warren Entsch MP appointed Ms McKillop as a member of his staff to represent him, as the function was to occur on a parliamentary sitting day. Neither my office nor I was aware of the invitation which was sent out by Australian Hearing. I have now seen a copy of that invitation—

Senator LUNDY—You have seen a copy?

Senator Ellison—I have seen a copy of that invitation and accordingly I will be reviewing the situation.

Senator LUNDY—So you do not agree that that is appropriate?

Senator Ellison—I can say, Chair, that I am reviewing the situation and—

Senator LUNDY—It is not appropriate, is it?

Senator Ellison—The invitation was sent out by Australian Hearing and I think that in the circumstances I will take appropriate action.

Senator LUNDY—Thank you.

CHAIR—That concludes consideration of the human services portfolio, one of the Senate budget estimates for the Standing Committee on Finance and Public Administration. Thank you, colleagues; thank you, committee secretary and staff; and thank you, officers of the Department of Parliamentary Services. The committee is adjourned.

Committee adjourned at 11.03 pm