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Official Committee Hansard

SENATE

STANDING COMMITTEE ON FINANCE AND PUBLIC
ADMINISTRATION

ESTIMATES

(Additional Budget Estimates)

TUESDAY, 19 FEBRUARY 2008

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

Tuesday, 19 February 2008

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

Senators in attendance:

Senators Barnett, Bishop, Boyce, Brandis, Carol Brown, Campbell, Coonan, Fielding, Fierravanti-Wells, Forshaw, Humphries, Kemp, Mason, Minchin, Moore, Murray, Parry, Polley, Ronaldson, Ray and Watson

Committee met at 9.02 am

PRIME MINISTER AND CABINET PORTFOLIO

Consideration resumed from 18 February 2008

In Attendance

Senator John Faulkner, Cabinet Secretary and Special Minister of State

Department of the Prime Minister and Cabinet

Executive

Dr Louise Morauta, Deputy Secretary

Mr Duncan Lewis, Deputy Secretary

Mr Paul Tilley, Acting Deputy Secretary

Economic policy

Output Group 1

Dr Rhondda Dickson, First Assistant Secretary, Industry, Infrastructure and Environment Division

Mr Paul Tilley, First Assistant Secretary, Economic Division

Social policy

Output Group 2

Ms Serena Wilson, First Assistant Secretary, Social Policy Division

Mr Dominic English, Assistant Secretary, Employment, Education and Skills

Mr Shane Hoffman, Assistant Secretary, Indigenous Policy

Ms Yael Cass, Assistant Secretary, Health and Ageing

Dr Nick Hartland, Assistant Secretary, Social Support, Immigration and Citizenship

Ms Cheryl McRae, Assistant Secretary, Pandemic and National Health Security

Ms Michelle Patterson, Assistant Secretary, Social Inclusion Unit

Ms Ngaire Hosking, Assistant Secretary Office of Work and Family

International and National Security policy

Output Group 3

Mr Nicholas Coppel, Assistant Secretary, International Division

Mr Angus Campbell, First Assistant Secretary, Office of National Security

Mr John Geering, Acting Assistant Secretary, Office of National Security

Mr Duncan Anderson, Acting Assistant Secretary, Office of National Security
Dr Richard Davis, Assistant Secretary, Office of National Security
Dr Rob Floyd, Assistant Secretary, Office of National Security
Ms Jacqui McRae, Assistant Secretary
Mr Andrew Harper, Acting Chief Financial Officer

Support services for government operations

Output Group 4

Ms Barbara Belcher, First Assistant Secretary, Government Division
Mr David Macgill, Assistant Secretary, Parliamentary and Government Branch
Mr Alex Anderson, Assistant Secretary, Legal Policy Branch
Mr Peter Rush, Assistant Secretary, Awards and Culture Branch
Ms Joan Sheedy, Assistant Secretary, Privacy and FOI Policy Branch.
Mr Frank Leverett, Assistant Secretary, Ceremonial and Hospitality
Ms Anne Hazell, First Assistant Secretary, People, Resources and Communications Division
Ms Janette Davis, Assistant Secretary, People and Governance
Dr Sue Ball, Assistant Secretary, Information Services
Ms Trish Corbell, Director, People and Governance
Ms Wendy Southern, First Assistant Secretary, Cabinet Division

Australian Institute of Family Studies

Professor Alan Hayes, Director
Ms Sue Tait, Deputy Director (Corporate and Strategy)
Dr Matthew Gray, Deputy Director (Research)

Australian National Audit Office

Mr Ian McPhee, Auditor-General
Mr Steve Chapman, Deputy Auditor-General
Mr Peter White, Group Executive Director, Performance Audit Services Group
Mr Warren Cochrane, Group Executive Director, Assurance Audit Services Group
Mr Michael Watson, Group Executive Director, Assurance Audit Services Group
Mrs Dianne Rimington, Group Executive Director, Corporate Services Group
Mr Brian Boyd, Executive Director, Performance Audit Services Group
Mr Ray McNally, Executive Director, Performance Audit Services Group
Mr Peter McVay, Executive Director, Performance Audit Services Group
Ms Fran Holbert, Executive Director, Performance Audit Services group

Australian Public Service Commission

Ms Lynelle Briggs, Public Service Commissioner
Ms Lynne Tacy, Deputy Public Service Commissioner
Ms Annwyn Godwin, Merit Protection Commissioner
Ms Karin Fisher, Group Manager Corporate
Mr Steve Ramsey, Acting Group Manager Evaluation
Ms Clare Page, Group Manager Better Practice
Mr John Norton, Acting Group Manager Programmes
Mr Patrick Palmer, Group Manager Regional Services
Ms Georgia Tarjan, Group Manager Policy

Mr Boris Budak, Adviser to the Merit Protection Commissioner

Office of National Assessments

Mr Peter Varghese, Director General

Mr Patrick Keane, Director Business Management

Office of the Commonwealth Ombudsman

Professor John McMillan, Commonwealth Ombudsman

Dr Vivienne Thom, Deputy Ombudsman

Mr Ron Brent, Deputy Ombudsman

Ms Jill Jepson, Senior Assistant Ombudsman (Corporate)

Mr George Masri, Senior Assistant Ombudsman (Immigration)

Ms Helen Fleming, Senior Assistant Ombudsman (Legal, Social Support, Indigenous)

Office of the Inspector-General of Intelligence and Security

Mr Ian Carnell, the Inspector General

Office of the Privacy Commissioner

Ms Karen Curtis, Privacy Commissioner

Mr Timothy Pilgrim, Deputy Privacy Commissioner

Mr Mark Hummerston, Assistant Privacy Commissioner

Mr David Richards, Finance Manager

Office of the Official Secretary to the Governor-General

Mr Malcolm Hazell, Official Secretary to the Governor-General

Mr Brien Hallet, Deputy Official Secretary to the Governor-General

Ms Sharon Prendergast, Director Honours

Ms Anna Saravanan, Finance Manager

Dr Stephen Jiggins, Senior Communications and Media Adviser

Mr Peyton Butler, Property and Services Manager

Mr Rob Meller, Facilities and Projects Manager

Department of Climate Change

Executive

Dr Martin Parkinson, Secretary

Mr Howard Bamsey, Deputy Secretary

Mr Blair Comley, Deputy Secretary

Response to climate change

Output Group 1

Mr Barry Sterland, First Assistant Secretary, Emissions Trading Division

Ms Jan Adams, First Assistant Secretary, International Division

Mr Robert Owen-Jones, Acting Assistant Secretary, International Division

Dr Greg Picker, Acting Assistant Secretary, International Division

Ms Shayleen Thompson, Acting First Assistant Secretary, Strategies and Coordination Division

Ms Jo Evans, Assistant Secretary, Strategies and Coordination Division

Ms Jo Mummery, Acting First Assistant Secretary, Adaptation and Land Management Division

Mr Robert Twomey, Chief Financial Officer

Office of the Renewable Energy Regulator

Mr David Rossiter, Renewable Energy Regulator

CHAIR (Senator Polley)—Good morning. 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 additional expenditure for 2007-08 of the parliamentary departments and the portfolios of Prime Minister and Cabinet, Finance and Deregulation, and Human Services. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee has fixed 4 April 2008 as the date for the return of answers to questions on notice. The committee's proceedings today will begin with the examination of the Australian Public Service Commission, the Australian National Audit Office and the Australian Institute of Family Studies. The committee will then hear from the Finance and Deregulation portfolio and the Human Services portfolio. On Friday the committee will use the spillover day to examine the Future Fund, the Department of Climate Change and any remaining parts of the program.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that, in giving evidence to the committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as contempt. It is also 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 a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of officers to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

If a witness objects to answering a question, the witness should state the ground upon which the objection is taken and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. Any claim concerning commercial-in-confidence must be made by the minister and should be accompanied by a statement setting out the basis for the claim, including what possible commercial harm may result. An officer called to answer a question for the first time should state their full name and the capacity in which they appear, and witnesses should speak clearly into the microphone to assist Hansard to record proceedings. Mobile phones should be turned off.

I welcome the Special Minister of State, Senator Faulkner, and the officers from the Australian Public Service Commission. Senator Faulkner, thank you making yourself available to the committee this morning. Do you wish to make an opening statement?

Senator Faulkner—No, thank you.

[9.05 am]

Australian Public Service Commission

Senator MASON—Good morning, Minister. Ms Briggs, good morning. I have some questions on absenteeism, which I have been pursuing for the last couple of years, as you may recall. I will not be long; I just want to check on progress, really. Ms Briggs, in the *State of the service report 2006-07*, on page 190, you note that the absence levels as measured in 2001-02 and 2006-07 have not changed very much in between. In fact, in the report you write that:

There does not appear to have been any overall improvement in levels of absence in the APS over that period.

Indeed, there seems to have been just a slight deterioration that is attributed in part to 'methodological differences'. According to your report, the median sick leave over that period increased from seven days per employee to 7.3 days per employee, and the median absence from 8.9 to 9.4 days. As opposed to median figures, do you have average figures?

Ms Page—I do not have an average figure in front of me, but I can tell you that in last year's *State of the service report* the degree of absenteeism ranged from 1.2 days per employee—that was our best-case scenario—up to 16.4 days per employee.

Senator MASON—All right.

Ms Briggs—With the average of 9.4 days.

Senator MASON—I am not a statistician, Ms Briggs, but why do we use median as opposed to average figures? I understand that in very small groups that can be an issue. I am trying to recall statistics from university. I did not do very well, but I understand the difference between 'median' and 'average'. Why median?

Ms Briggs—Generally because that is where most of the folks are, Senator.

Senator MASON—Okay. Why do you think there has been an increase—indeed, only a slight increase?

Ms Briggs—I would be the first to admit that if you have good data it enables you to really make an effort to deal with the issue. My reflections on these data is that for the first time we have got a consistent measure of absence in the Australian Public Service and that, from here on in, agencies are going to be required to report on this every year, as you suggested to us, I think in 2005, and that is a good thing. It certainly focused the brain. A number of organisations, since we established the standard methodology for collection of these data, have actually had some successes in reducing their levels of absenteeism.

Senator MASON—Are you happy with the progress, Ms Briggs?

Ms Briggs—These are early days. I am happy with what some of our larger organisations have been able to achieve, yes. But we have got a long way to go to really understand properly what is behind these data.

Senator MASON—And are all the agencies taking on board the uniform data collection and so forth? Has that all been taken on board? I remember the last time, Ms Briggs, it was very difficult because we were comparing apples with oranges, and that was not anyone's fault; but are we now just comparing apples with apples?

Ms Page—Senator, we now have an agreed definition that we use across the APS. We still run into a small problem in relation to reporting system capacity, using either a full-time equivalent measure or a headcount measure, so in this year's *State of the service report* we offered agencies both options. But we are confident, and agencies tell us, that systems will be in place next year for us to be able to report on a full-time equivalent measure.

Senator MASON—Are our departments that are doing well—and some are doing noticeably well—sharing their expertise as to why they have been so successful with less successful agencies?

Ms Page—They are, Senator. In the *State of the service report* you might have noted that we were able to highlight a couple of case studies where large agencies have taken on board some of the strategies that the commission recommended in the publications we launched in 2006. They are certainly looking to intervene much more actively when they have an employee on a long-term absence. They are looking at some of the links that we have pointed out to them in relation to unscheduled absence and an employee's engagement and commitment to their level of work. And they are trying to be more stringent about some of their workforce measures in relation to performance management and the provision of learning and development as tools to try and tackle absenteeism in the workplace.

Senator MASON—Could you answer a question like this, for example, from the information you collect? What days are more likely than other days for there to be absent workers? You can see what I am getting at, can't you? I am really asking if the information that has been collected is sufficiently detailed such that we could say that Fridays and Mondays are being taken off more readily than Wednesdays. Is that information available? Are we getting to that sort of level of detail?

Ms Page—Senator, it would be my understanding that that would have to be an agency level interrogation. For the purposes of the *State of the service report* we certainly cannot interrogate the data to look for trends. But in the advice that we give agencies when we tell them that it is their responsibility to investigate and analyse their absence data, the things that we tell them to look for are trends and particular work pockets where absenteeism may be higher than in other areas.

Senator MASON—Ms Briggs, I want to congratulate you and the commission for fostering an attendance culture and all the work that went with that. I think that it is an excellent initiative.

Ms Briggs—Thank you, Senator.

Senator MASON—You should be congratulated for it. I just hope that next time we might have more encouraging results and that absenteeism may start to go down. I will certainly keep a watch on that. Let us hope that things improve.

Senator MURRAY—Ms Briggs, would the Public Service Commission be at all concerned if the public sector above, say, \$127,000, were not to get a wage increase this year?

Ms Briggs—Senator Murray, may I say that one of the concerns of the Public Service over the course of the last few years is that we should be able to recruit and retain public servants. If our wages are held down comparatively with the private sector, then that can make it more difficult.

Senator MURRAY—It is a clear fiscal policy—and I might say I support it—of the government to encourage both the private and the public sector to reduce wage increases to contribute to relieving inflationary pressures. That makes sense. Mr Rudd has announced—and his cabinet and caucus have agreed—that federal parliamentarians will not get a wage increase this year, which is just gesture politics unless it also extends to others which he has the power to order, namely the public sector. I would understand there would be exceptions—new appointments and special cases—and I am sure a regulation could be devised to give exceptions. But surely if the intention is to reduce inflationary pressures, the same sacrifice required of backbenchers in the parliament should apply to higher-earning public sector servants? You cannot comment on policy, Ms Briggs, and I am not expecting you to. All I want to know from you is, would it be a concern if that was applied? Would it have negative effects if it were applied as a general policy?

Ms Briggs—If it were applied as a general policy, I think it would be more challenging for us to be competitive in the labour market, Senator. Yes.

CHAIR—Thank you very much, and for your patience last night as well.

[9.15 am]

Australian National Audit Office

Senator WATSON—It is well known that there is a very severe shortage of qualified and experienced auditors, not only in Australia but overseas. Has this shortage impacted on the Australian National Audit Office's capacity to deliver in terms of its projected workload? Has this lack of qualified accountants effectively forced up the price beyond budget-anticipated levels?

Mr McPhee—Certainly there is a very tight market at the moment for accounting and financial skills, and we are certainly not immune to that market. We are noticing that our experience levels within the office on average are less than they have been across earlier years. The saving grace is that at the senior executive level we have a deal of experience, which is something of a compensation, if you like, for the younger staff that we have. The big area that has been a challenge for us is at the manager level, where it is extremely competitive. In fact, we are short on the number of managers that we would otherwise like to have and we are using more contractors than I would ordinarily like to use as well. At the moment we are managing it. It is very tight. To answer the second part of your question about the price: yes, we do have to be competitive in the market; we do have to pay reasonable remuneration. One of the challenges is, of course, being able to fund the difference between the general level of indexation we receive as a public sector agency and the price rises we have to pay for the salaries of people. It is not easy but we are managing at the moment.

Senator WATSON—In terms of labour turnover rates at manager and lower levels, what are those rates at the moment and how do they compare with the past?

Mr McPhee—Could I take that on notice. The turnover within the office is roughly 20 per cent. It has been higher and it has been lower, but I will provide you with the details of that across a number of years.

Senator MURRAY—Senator Watson, when Mr McPhee comes back with that information, could he break it down as to where the turnover is—whether it is at the, say, more junior or more senior employee level?

Senator WATSON—Yes. I indicated manager and lower levels.

Senator Faulkner—Yes, we will take that on notice.

Senator WATSON—Thank you very much. In your submissions in the past to the public accounts committee, you indicated that this year was going to be a very tight year in terms of meeting your budget. Is the Australian National Audit Office subject to the additional efficiency dividend of two per cent? If so, how are you going to cope?

Mr McPhee—As far as I am aware, we are subject to it and at our next executive board meeting we will look at that very issue: the matter of our budget and how we will manage. If we cannot absorb it, the implication will be that it could potentially have an impact on our audit program going forward.

Senator WATSON—What are the options available to you that you are looking at at the moment? This came as something of a surprise to you.

Mr McPhee—It is clearly government policy so we look to implement it. But the first area we looked to is, of course, internal efficiencies—whether we can reduce spending in areas—and we will do that to the extent that we can. It is always a fine trade-off between making a cut now but paying the price in later years, so we do have to invest internally in our methodologies and systems. We will see if we can make some savings there. One other thing that we have had to invest a lot more in, with more junior staff, is training and procedural-type manuals. We are working on that. I see that as a very important investment in the future of the office and I would not wish to curtail that. So we will look at all the internal avenues and, failing that, we may have to look at some of our discretionary work, which is in the area of potentially better practice guides and potentially a lower priority performance audit, but we have not reached that point yet.

Senator WATSON—You would be aware that the Australian Accounting Standards Board has moved away from what has previously been known traditionally as the reporting entity convention. My readings indicate that there may be some public sector utilities that could be affected—is that correct? If so, who would they be?

Mr McPhee—It eventually comes down to the finance minister's orders as to which entities in the Australian government sector actually report in their own right. But I certainly have not detected from the finance department any suggestion of change there. As you would be aware, the FMA legislation and the CAC legislation set out the accountabilities of both the chief executive of FMA agencies and the boards of CAC bodies, which include the preparation of financial statements and annual reports. It seems to me that legislation will

drive the accountabilities and that, in turn, will drive the reporting entity concept in the Australian public sector. I am not envisaging any significant change as a result of the work of the AASB.

Senator WATSON—Is the legislation currently available adequate to handle what you believe is desirable?

Mr McPhee—I believe so. The legislation sets the requirement for the preparation of financial statements. The finance minister's orders then define the specifics of the requirements. As I say, I have not detected any suggestion of change in that respect from Finance.

Senator WATSON—There is no difference in terms of outlook or opinion between the finance sector and your views on those reporting entities?

Mr McPhee—Not that I am aware of.

Senator WATSON—Are you looking at that issue?

Mr McPhee—Now that you have raised it specifically, I will certainly take it up with them. We have regular meetings with Finance to look at the horizon in terms of accounting issues and I am not aware that that has been on the agenda, but I will certainly make sure it is just to get confirmation.

Senator WATSON—One of the issues that is paramount is the need for assurance reporting. In terms of the move towards the international standards and the adjustments that are necessary, to what extent do you audit these adjustments to ensure that the assurance reporting is of the highest standard and without error?

Mr McPhee—The Australian Accounting Standards Board largely adopts the international accounting standards, as you would be aware. So our standards in this country reflect the international standards. When Finance, through the finance minister's orders, set the requirements for reporting by Australian government entities, they in turn pick up on the Australian accounting standards. So fundamentally you can be assured the standards we apply to the public sector are those international standards and we in turn audit against those.

Senator MINCHIN—Further to the questions regarding resourcing and pressures on your office, I was interested to note that the Labor Party's election policy in relation to defence, for which I now have shadow responsibility, refers to Labor tasking and resourcing the Audit Office to undertake independent evaluations of the top 30 major defence equipment projects on an annual basis. Could I ask, from your perspective, where that policy is at? Have you received advice or instructions as to the resourcing you will receive to enable you to undertake these reviews? How much will you need in order to meet this commitment by the new government? Will you be able to acquire the personnel to enable you to meet it? And—if you could just bear with me—what will this mean compared to the current arrangements that you have with regard to the auditing of major defence projects? How much of an increase in workload and auditing of defence projects will this represent?

Mr McPhee—Just by way of background, the proposal to do an audit of the top 30 defence acquisition projects came out of a JCPAA recommendation, which had the support in principle of the previous government, and was a bipartisan recommendation of the committee. Given

the strong level of support for the recommendation that was made last year I told the committee that I was prepared to invest \$½ million in preparation for the work on the top 30 projects on the basis that I would seek reimbursement of that in the budget context.

We have sought the reimbursement of the \$½ million we are investing this year in preparation of the report, with DMO, and an assurance report on top of that. I have also sought, in the budget context, \$1½ million ongoing, to be able to meet the audit requirements around that particular report. As you would appreciate better than many, the budget processes are proceeding.

Senator MINCHIN—So it is a net additional \$1½ million you will need.

Mr McPhee—That is net additional.

Senator MINCHIN—There is, in a sense, \$500,000 seed capital—

Mr McPhee—That is correct.

Senator MINCHIN—and \$1½ million additional.

Mr McPhee—Yes.

Senator MINCHIN—Can you proportionalise the effort? Are you doubling the effort?

Mr McPhee—I think that is about right. In the past we have spent about \$1½ million a year on performance audits in defence. This report that we are proposing to do is more in the nature of an assurance—a financial statement, almost, or an opinion—in its nature. Nevertheless, it is focused on DMO acquisitions and to inform the parliament and the government on the status of these major defence acquisition projects which have very long tails, as you know. I think it will be a very positive development. We have been working closely with DMO in terms of its preparation. There are questions around, if you like, the integrity of the underlying systems behind the information. And there are some serious audit issues about the extent to which the opinion will be able to give a clear view on some of the aspects, because the report is intended to cover cost, schedule and capability. It is a question of the nature of the underlying systems within DMO to provide that information in the early years.

The intention was to start off slowly. The first year would not necessarily produce the top 30. There would be a subset of major projects so that we can trial the methodology and the approach. We would consult with the parliament and develop the proposal further. It has received strong support from both sides of the parliament.

Senator MURRAY—All sides.

Mr McPhee—All sides. Sorry, Senator Murray.

Senator MINCHIN—Are you confident you can acquire the calibre of personnel required for this, given your answer to other questions?

Mr McPhee—It is a challenge. There are two reasons we are being a bit cautious. For one, we have not got the money in the bank. So I have been happy to put some resources towards it but I have to be careful that I do not overcommit us in this area. Even though we only have a very small team that looks at defence matters, we still have a deal of experience there. We will be relying heavily on that level of experience to bring on the new staff in that area.

Senator MINCHIN—As shadow minister I certainly hope the new finance minister responds properly and appropriately to your request for budget funding. I think it is important.

Senator Faulkner—I will pass that on, Senator.

Senator MINCHIN—I turn now to another matter. Your office—for which I have, as you know, profound respect—regrettably and unfortunately became the subject of great controversy in the last election campaign. With the committee's indulgence, I think it is appropriate that you have the opportunity at these estimates to take us through the background to your release of your audit on that Regional Partnerships program in the middle of an election campaign. I think everybody should hear what I may describe as your side of the story. I also say that I would appreciate your response to the proposition that it may be in yours and the parliament's interest to contemplate some mechanism by which you are in effect prevented from releasing reports, say, once the caretaker period begins—

Senator ROBERT RAY—If you brought forward MYEFO, you might extend it to that too.

Senator MINCHIN—Perhaps. What I am genuinely concerned about is avoiding putting an office like this in the situation that it found itself in. As I said, I would like you to have the opportunity to explain how it was that you found yourself in that position, the background to that and whether or not you believe it would be appropriate or in your office's interest for the parliament to act in such a fashion as to prevent that recurring.

Mr McPhee—Thank you, Senator Minchin. The report was an important and very significant one. The legislation under which I operate requires me to table records 'as soon as practicable'. As you would know very well, the caretaker convention is a convention mainly focused on the current government not committing the next government to any sort of particular courses of action et cetera. Historically the office has tabled reports during the caretaker period. We had in fact, I think, tabled two reports, even in this caretaker period, prior to the Regional Partnerships report—but going back in time we had also tabled reports in that particular period.

Senator MINCHIN—Could you take it on notice perhaps to supply to the committee the evidence of that?

Mr McPhee—Do you mean the details?

Senator MINCHIN—Yes.

Mr McPhee—Certainly. The decision I was faced with at the end of the day was whether to table this report or not prior to the election. Given my statutory responsibilities—and, I guess, knowing that the parliament has given me strong powers of independence to make these judgements—I had to decide whether to table a report about nine or 10 days out from the election or hold it over for two to three weeks after the election. My very clear judgement was that to hold it over would have made the Audit Office look extremely limp. I think the integrity of the office would have been under much more serious question if I had tabled after the election—rather than the questions that were raised by tabling before the election.

So that was my judgement. I really had little doubt about it. I was conscious, of course, that I could not table a report a few days before an election; but I thought that nine or 10 days out

was a reasonable time for the report to be absorbed. The way it turned out, the report was released on a Thursday. By about the following Tuesday most of the articles had been washed out of the press, except that there were many letters to the editor and comments after that period of course. So, Senator Minchin, if I was asked to do it again if a similar situation arose under any government of any colour then I would act in the same manner as I have acted in terms of Regional Partnerships.

Senator ROBERT RAY—Actually, Senator Minchin has also asked you another question as to the future—

Mr McPhee—Yes, I would like to come to that, but if we could just—

Senator ROBERT RAY—and as to whether there should be an amendment to your charter. The effect of the Auditor-General's report from a substantive point of view, I suspect, was not high, but in terms of knocking a particular political party off message for a day or two it had a major effect there.

Mr McPhee—Yes, it did.

Senator ROBERT RAY—I have to concede that. I really enjoyed the news that night, so that tells you what I thought.

Senator MINCHIN—The feeling was not mutual.

Senator ROBERT RAY—It was great timing. But, nevertheless, Senator Minchin raises a question. Maybe there could be a slight twist or tweak to your charter that says, no, during the caretaker period you do not publish these reports, and if they fall at any other time then you publish them.

Senator MINCHIN—The interesting thing is that the parliament was actually dissolved. I think that would be the reference—to the parliament having been dissolved—that puts you off your tabling. A lot on our side said, 'How can you table a report to the parliament when there is no parliament?' I think that was part of the difficulty also. I think there was not sufficient cognisance within the then government of the statutory obligations you had on you to release it as soon as practicable. Just dealing with that case, could you just explain to us when the report was finalised in relation to when it was released. What was it—the next day? You said you released it nine to 10 days out from the election. Was it finalised the day before, a week before or whatever, and was the gap between the actual sign-off on the report and the release a standard time frame or was it different?

Mr McPhee—I sign the report on the day it is tabled, basically. The audit is not completed until I sign. In the lead-up to the signing of the report, we actually provided the department with an advance version of the proposed audit report on 21 September.

Senator MURRAY—Which you always do?

Mr McPhee—Not always. This is an advance version of what is called the draft version of the report. Because of the size of the report, the complexity, the issues raised and the importance of giving the department an opportunity for a final comment—because I do take natural justice into account very carefully, and it is important that the department feel comfortable that we have got the balance right and that our assessments were fair—we provided them with an advance copy on 21 September. Some of my senior staff and I met

with the secretary of the department on 8 October for a discussion about the issues, so they had a couple of weeks to go through the report. Then, on 12 October, we issued the draft report under section 19 of the act, not only to the department, of course, but also to all ministers who had had responsibility for this program at any stage. They were given 28 days to provide me with any comments.

Senator MINCHIN—Is that a standard period?

Mr McPhee—That is standard practice. I should add that we provided either some or part of the report to the Department of Finance and Administration as well, given that some of the issues affected the financial framework. From memory, we received responses from all of the departments and one former minister. I took those into account, and then we settled the draft internally and put it into production. So we followed a fairly standard practice.

Senator MINCHIN—Did the department seek, and if so was it granted, extensions of the comment period?

Mr McPhee—No, it was not granted extensions to the comment period, because part of the understanding was that by giving them a preliminary advance draft—which is not normal practice; we do do it from time to time on the more sensitive reports because I do value the input of secretaries, and I make sure I meet with secretaries on the more sensitive reports that we do—and by giving them the time in advance rather than subsequently, we did away with the need to provide any extension subsequently.

The other reason it was seen as important from the department's point of view was that the department, I think, wished to have a look at the report before I sent it to ministers and former ministers. I thought that was not unreasonable when it was put to me that they wanted to make sure that the story about the administration was fair enough before it went, particularly, to the responsible ministers but also to the previous ministers. I thought that was a fair comment and I accepted that, which is why they had those additional two weeks.

Senator MINCHIN—Did you seek any advice, legal or otherwise, on your position, prior to your decision to table the report when you did?

Mr McPhee—I sought legal advice on the general proposition—I think, from memory, as we approached the caretaker period. So it was not in relation to this particular report, but I received legal advice which basically said, 'You've got a statutory responsibility to table as soon as practicable.' 'As soon as practicable' does not mean as soon as possible, but at the end of the day the caretaker convention is but a convention and it is basically down to you to decide how best to manage it.

Senator MINCHIN—So, from your point of view, you acted entirely consistently with how you act on every other report? In other words, once you had signed off on it, you then released it?

Mr McPhee—Correct.

Senator MINCHIN—And that was what you had always done?

Mr McPhee—Yes. That is what we do, yes.

Senator MINCHIN—Senator Ray mentioned my proposition. I wonder if you would like to comment on the merits or otherwise of the parliament considering amending the acts governing your office to, in a sense, prevent you tabling reports after the dissolution of any parliament.

Mr McPhee—Certainly, we are always respectful of the parliament's position, at the end of the day. I think this argument goes both ways. On one level, a government should be willing to be accountable for the administration of programs at any time. On the other, the convention is really directed to another particular purpose. It is more a forward-looking purpose than a backward-looking purpose.

Senator MURRAY—Sorry, Madam Chair. Could I just get some clarification? I think there are two different proposals being confused here. Perhaps it was just loose questioning. As I understood it, your proposal—through the chair—Senator Minchin, was for reports not to be released during the election period.

Senator MINCHIN—Yes.

Senator MURRAY—If it is not released after the dissolution of parliament, of course you can have a problem because that can run for many months then, because the reconstitution of parliament only occurs once parliament is called—for instance, in February, following November. So the clarification I would like from the questioner is whether you are referring just to the election period—

Senator MINCHIN—I was.

Senator MURRAY—or to the period from when parliament is dissolved, because that is very different concept.

Senator ROBERT RAY—He is talking about when the Westminster convention applies, which is from the dissolution of parliament through to, basically, midnight on election day—

Senator MINCHIN—Yes.

Senator ROBERT RAY—and if there is a change of government then it extends through until the government is changed, until the swearing-in.

Senator MURRAY—I am happy with that.

Senator MINCHIN—Senator Ray encapsulates my—

Senator MURRAY—If it were from the dissolution of parliament to the reconstitution of the new parliament, I would be concerned.

Senator MINCHIN—No, it is until a new government is formed. That is really what I am talking about.

Senator ROBERT RAY—Whom did you get your legal advice from?

Mr McPhee—AGS.

Senator ROBERT RAY—Now I will ask the question that I have been refused forever: is it possible to provide the committee with the advice?

Mr McPhee—Senator Ray, you put me in an interesting position because, as you know and as you said in your question, it is not normal convention to provide legal advice received

to the committees. Because of the special position and the relationship I have with the parliament, I would be happy to make it available.

Senator ROBERT RAY—That is good. There is no compulsion to do so.

Senator MINCHIN—You gave us that, and I appreciate your cooperation.

Senator ROBERT RAY—That would be good.

Senator MINCHIN—There is just one other matter that I have been asked to raise. Surprise has been expressed to me that apparently copies of the report were hand couriered all over Australia to anybody named in the report. Was that the case? If so, is that what you normally do with reports of this kind?

Mr McPhee—We have a process of providing reports either under section 19 or under natural justice provisions to people named in the report.

Senator MINCHIN—So you have a practice.

Mr McPhee—Under section 19 of the act I am required to provide agencies with copies of the report—but also where people are named or firms are named, if we are doing defence work, and I happen to name a defence contractor. In this case we had applicants who were the subject of case studies in the report. We do provide them with a copy of the proposed draft report as it affects them. We did have it couriered to people and we asked for their comments, the reason being of course is that I am very interested to know whether people think the judgements we have made and the factual information we have provided is soundly based before I finalise the report.

Senator MINCHIN—I am sorry; so it was not the final report that was couriered all over the country.

Mr McPhee—No, it was a draft version.

Senator MINCHIN—Was that 21 September?

Mr McPhee—That was around 12 October.

Senator MINCHIN—And that was entirely consistent with normal practice?

Mr McPhee—It was entirely consistent with normal practice. We wanted to make sure that the individuals actually received the report rather than just put them in the mail. It was an important enough report to—

Senator MINCHIN—So on some occasions you will just stick it in the post.

Mr McPhee—On some occasions we would probably have security post arrangements, but we went out of our way to make sure that these reports got to the individuals, particularly the former ministers, to allow them the benefit of being able to comment on them.

Senator MURRAY—I will just return, if I may, to the defence focus questioning of the shadow minister. As you will recall, Mr McPhee, I went to Great Britain and interviewed the deputy Auditor-General and the person responsible for oversight of the defence audit and reported back to the Joint Committee of Public Accounts and Audit on that matter. What struck me about my interview and the responses I got was that the defence audit along the lines now being proposed was very much led and driven—in fact, the officer concerned could

be described as driven—by a single individual who was dedicated long term and therefore had the experience and the insights which resulted from a permanent focus on a very difficult area. Is it your intention that your defence audit team, however small, would become a dedicated group, particularly of course led by an officer who would be dedicated to that task over a long period of time?

Mr McPhee—To the extent that we can, the answer is yes. Peter White on my right has been the dedicated person, but we have actually just recently promoted him to a division head. So sometimes you do what you can to retain stability but other factors intervene. It was a very pleasurable factor that intervened in this case, but we will try to retain the team that we put on it and build up the experience, because that is what we do with our financial statement work to the extent that we can.

Senator MURRAY—On the two per cent matter that was raised earlier, if you look at the PAES for the Prime Minister and Cabinet portfolio on page 7, it refers to portfolio agencies affected by the 0.25 per cent MYEFO efficiency dividend, and then it has a second table, P.1b, which refers to the two per cent efficiency dividend. In table P.1a on the 0.25 per cent increase, the 2008-09 figures indicate that the effects on your office are \$158,000 and for 2008-09 the effects of the two per cent dividend on your office are \$1,262,000. My first question is: is the \$158,000 part of the \$1,262,000 or is it separate from or additional to it? It is not clear from the tables.

Mr McPhee—I am not sure either. Could we perhaps just take that on notice?

Senator MURRAY—Yes.

Mrs Rimington—An additional two per cent efficiency dividend has been announced, but the additional number that you are talking about was the efficiency dividend movement when an additional 0.25 per cent was applied.

Senator MURRAY—So it is effectively 2.25. That is what I want to establish. All right. We are now talking of an efficiency dividend next year of \$1,420,000. I have the benefit not just of this committee but of the Joint Committee of Public Accounts and Audit, to which you report, Mr McPhee, and I remember the discussions about your budget and that you did not get what you asked for—in other words, you were already well squeezed by the previous administration. You are now being squeezed even more, and below what you asked for, and yet you are required, I think, in this environment to be even more active, even more diligent, even more effective, particularly, I might say, in view of the new defence minister's attitudes and the shadow minister's attitudes on defence. Is this one of those occasions where you should be advocating that you be relieved of this efficiency dividend?

Mr McPhee—That has certainly crossed my mind. As you say, and just for the benefit of the committee, the JCPAA has a special relationship with the Audit Office as far as budget matters are concerned, as well as, of course, our audit work. The JCPAA has a statutory responsibility, I think, to recommend to the parliament the resource levels for the Australian National Audit Office. The way we manage the relationship within the office is to deal with the government through the finance department in the normal manner and to keep the committee abreast of our proposals and our views about resources. At the end of the day the

committee always asks me whether I have sufficient resources to do the job ahead for the next year. Certainly last year I said it was getting tougher and certainly this two per cent I think—

Senator MURRAY—If I may interrupt, that was before they knew you had \$1,420,000 cut from your budget.

Mr McPhee—Correct. So I think there will be a potential reduction in the work that we do if we do not receive any relief from the two per cent. I guess, from my background in the finance department and other places, I sort of weigh things up. I certainly understand the government's strong commitment to exercise fiscal restraint in its budget and so it was a question of timing, the best time to approach government, because the longer term issue that does concern me is that, with the growth in the public sector across the years, our budget has actually not increased at all to cover that. We still target our audits extremely well, and we try to make sure we focus on areas where we can make a difference. In an area of performance auditing, where arguably you have some level of discretion as to the numbers and areas you do, it is very difficult at the margin to always sustain an argument that one or two audits actually make a big difference.

Senator MURRAY—If I can again interrupt, my attitude is that the Audit Office is a fiscal tool. It is a device for curbing waste and excess, and identifying poor administration and operation; so therefore it is an effective mechanism by which you can help achieve greater fiscal discipline. That is my approach. So it would seem to me that there is a fair case to argue that the Audit Office actually needs to be beefed up in this environment and not cut back. I do not view the efficiency dividend in the same way for your agency as I do elsewhere, for those reasons. Others might take a different view, but that is my approach. Surely the effect of knocking off \$1.4 million from your budget is that you audit less.

Mr McPhee—That is the inevitable consequence. As I say, we will look for internal efficiencies first, but the inevitable consequence is that the size of the number is too big to absorb just through administrative means.

Senator MURRAY—Your responses so far have been general, per force, I suspect. For this committee or any shadow minister or minister to consider your responses, you would actually need detail of the real effect of this cut. I would ask you on notice whether you could provide to the committee at the earliest opportunity the real effects of this cut and your views on whether it is manageable or whether it will have a negative effect on the broader fiscal objective of the government, which is to reduce unnecessary expenditure or wasteful expenditure?

Senator MINCHIN—Further to Senator Murray's comment, am I right to observe that if, indeed, you are successful in obtaining an additional \$1½ million through the budget to meet the new government's commitment to auditing defence projects you will have to return the cheque the same day in the form of an efficiency dividend, because remarkably they are the same amounts? Would that be a correct observation?

Mr McPhee—That is correct.

Senator MINCHIN—I know, as a former finance minister, that we did not match this promise of Labor's because applying an additional two per cent efficiency dividend is almost

impossible to achieve, particularly with small agencies, which have far less capacity to find the savings by definition. So I just make that observation.

Senator ROBERT RAY—I have been raising this issue for the last 12 years.

Senator MURRAY—You have, Senator Ray.

Senator ROBERT RAY—I am not as sympathetic to you as other agencies because trying to cut you is like shooting Bambi—it is pretty hard—and you are in a better position to defend yourself. Has there been a study of the long-term effects of efficiency dividends per se and the differential of their application to big service departments, advice departments and, finally, to agencies like yours, that are very functional? It may even be a job, Madam Chair, for this committee to look at long term, because it is like a chain letter: eventually efficiency dividends have to run out, otherwise the Audit Office in 50 years will be paying us—to exist.

Senator MINCHIN—Yes, you are right.

Senator MURRAY—It is a good topic for an audit.

Senator ROBERT RAY—Do you recall whether there has been a study on this—a departmental study or anything else? Every government does it and it is the electoral cycle that determines how much they do it.

Mr McPhee—I am not aware of any studies.

Senator MURRAY—Would you be able to audit it?

Senator ROBERT RAY—No, not enough resources!

Senator MURRAY—But to me that is a very serious matter. I have been reading what Mr Fitzgibbon has had to say with great interest because he is clearly concerned as to the sustainability of some of the expenditure. My bias is apparent, but I do not want to see the Audit Office constrained in their ability. Anyway, you have that question on notice.

Mr McPhee—Yes, I appreciate the support and my views are very similar. I think the office does a good job in highlighting areas that need attention, and I think history shows that in many areas governments have acted to improve administration following audit reports. So I think the work we do in audits directly, and the work we do in better practice guides and our newsletter in pushing out messages for the benefit of the service as a whole, genuinely leverage off the \$64 million that is allocated to the audit function against a budget of around \$260 billion. If you take the consolidated government position, it is about \$300 billion. It is an extremely small percentage to give the government and the parliament assurance about public administration. So, Senator Murray, I appreciate your comments and I certainly am of that view and perhaps I will take it up with the minister and others afterwards.

Senator MURRAY—I would like to move to a different topic: the GST. The government have, quite properly in my view—I have had this view for a very long time—determined that the GST shall be properly accounted for in the Commonwealth accounts as a Commonwealth tax, which it is. I have always held that view—right from the very moment of the Democrats and the coalition agreeing on the GST. But that is a point of principle. I want to know what the real effect is on Commonwealth accounts, from your perspective. Is there any real difference or meaning that this committee should understand that attaches to that?

Mr McPhee—I think the effect in accounts is for the revenue of the Commonwealth to go up by the amount of GST collected, and the expenditure largely to go up by a similar amount in view of the payments to the states.

Senator MURRAY—So it is just a balance sheet, effectively.

Mr McPhee—Basically, there is a netting arrangement.

Senator MURRAY—And no additional costs or accounting effects result from that other than that balance sheet netting effect?

Mr McPhee—Correct.

Senator MINCHIN—Presumably what it will affect is the measure of federal government revenue and expenditures as a proportion of GDP. That is what is going to change, isn't it?

Mr McPhee—Yes, certainly that is the consequence. The accounts themselves just show the revenue and expense going through, but it is the ratios that adjust and which are of particular significance to government.

Senator MURRAY—But the real national effect, if I can put it that way, does not change, does it?

Senator MINCHIN—No.

Senator MURRAY—The next area of questioning is on the tax expenditure statement. I should know or should recall, but I do not: has there ever been an audit on the methodology and the way in which the tax expenditure statement is constituted?

Mr McPhee—We are actually doing an audit at this very moment on the tax expenditure statement.

Senator MURRAY—Could you outline for us broadly what that will bring in? One of the issues, as you know, with the tax expenditure statement—which is why I want to ask the question—is what is left out and whether there are some things left out that should be in there.

Mr Boyd—That is a key issue for us in the audit. The other key issue for us is benchmarks, which get to the issue of those things which are included—how they are valued and so forth—and, at the end of the day, the quantum which is assigned to a tax expenditure statement. For example, if you look in the document in front of you, customs duties are reported for the first time since they were introduced in 1904, but they are reported as a negative tax expenditure, which to most financially literate people such as you and me is a revenue item. That gets back to the selection of the benchmark. The benchmark being selected is zero rather than at some other level.

As Treasury has also acknowledged in the latest taxation expenditure statement, which has been brought out as our audit nears its end, benchmarks themselves can be chosen arbitrarily. Now the taxation expenditure statement is required by the charter of budget honesty to be prepared in accordance with external reporting standards, but it is fair to say that those external reporting standards, being the accounting standards or the GFS produced by the Australian Bureau of Statistics, are not designed for the production of taxation expenditure statements. So a lot of our work is looking at what is in the taxation expenditure statement—but more importantly, what is not—and how the items that are in there are valued, both in

terms of the selection of a benchmark and the reliability of the data in the models used underneath those numbers, to prepare a number which might actually be able to be relied upon.

Senator MURRAY—Are there any federal-state complications? The states have a varying approach to tax expenditures and, in some cases, their tax expenditures are propped up by our system, the federal system. For instance, if you are a not-for-profit agency which attracts charity status you automatically get a tax expenditure concession in the states, say on something like land tax or whatever, and if you do not have that status you do not get it—typically churches, for instance. Are you picking up any of that stuff or are you leaving that alone?

Mr Boyd—There are the state issues. There are those state issues but also issues surrounding untaxed equivalent payments and so forth by instrumentalities operated by the states. For our part, that is probably not a central focus of the audit. We are probably a bit before that in terms of the fundamentals, as I say, as to the document itself—what it includes and what it is valued at. I think our assessment would be that, at this stage, whilst those sorts of issues are not unimportant we probably have some work to be done on the core of the taxation expenditure statement before we can get to some of those what I would term as more finetuning issues. But that document does not currently cover state taxes.

Senator MURRAY—No, it does not. No, it is federal. But talking again from a national perspective, it seems to me that there is a constancy if you like in direct expenditures and in budgetary practices between states and territories in the statistical aggregation of the data through the GFS and all that sort of thing, which is very good from a statistical and analytical purpose. On the tax expenditure side, that does not apply—in other words, the standards of state reporting are quite different and distinct. I wonder if you are going to be taking a leadership role in your report, because I think the states would be very interested in how to improve their systems.

Mr Boyd—That is very true. In fact, a lot of the focus for us has been that, because of those issues, we often examine a great deal in terms of comparisons with the states and territories. In terms of other areas of administration you often get those comparisons. Our work is more trying to draw upon the work particularly in Europe, where the consideration of taxation expenditures—how they are reported and what values are attributed to them—is probably far more advanced than in most other countries. Canada has a different model again, which draws out another issue in the sense of how you decide what is a tax expenditure versus a tax concession. It gets quite technical. But at the end of the day the focus we have had is on going back to where the charter of budget honesty stated that it was coming from: to try to get some integrated reporting—and often there is a choice between whether it is a direct expenditure through appropriations or an indirect expenditure—and seeing how those two frameworks measure up as to whether you have a comprehensive consolidated approach or whether you do not.

Senator MURRAY—When are you expecting this report to be released?

Mr Boyd—We will be moving into our proposed report stage in the coming month or so, I would expect, so we aim to table it this financial year.

Senator MURRAY—This financial year?

Mr McPhee—Correct. We are quite well advanced.

Senator MURRAY—I think it will be a seminal report, if your description of it is accurate. Thank you very much. The last topic from me is governance. The Audit Office has put a great deal of focus, interest and attention on governance in all its various aspects. This government has rightly and properly moved to improve its own governance in all sorts of varying areas—from tightening up on government advertising and how that operates to codes of conduct and other mechanisms to improve governance at the cabinet and prime ministerial level. Has the Audit Office ever audited governance in that respect at the Prime Ministerial and cabinet level?

Mr McPhee—No. We speak about governance particularly in terms of agencies and statutory authorities, but we have not looked at it in terms of the government as a whole.

Senator MURRAY—It would seem to me that a performance audit—say, two or three years down the track—as to how well codes of conduct and other mechanisms of political governance have worked would be worthy of consideration. Corporate governance effectively focuses on that—how boards operate, conflicts of interest, how they manage their more intangible problems, if you like. Much of corporate governance focus on that and that is what this government is doing: it is moving to a more professional approach. Would you rule out automatically—because it might be politically sensitive—ever approaching governance in that sense in two or three years time?

Mr McPhee—I think I would prefer, if the government were interested in my views on that, that they might just ask me about them. I think that the government is accountable through the parliament to the people and at the end of the day it can put in place whatever governance arrangements it wishes to do. However, the point—

Senator MURRAY—As can a board.

Mr McPhee—Yes, as can a board. The point you are making is that we have got a deal of experience. We do know where people have gone off the rails. If that advice would be useful to the government, I would be more than happy to discuss with it with them. You are quite right, we do promote the importance of governance and leadership in terms of public administration. The thing that is very apparent to me is that the direction provided by ministers can be so influential in terms of the performance of agencies and expectations of agencies. So I would certainly encourage ministers to make clear the expectations they have of agencies in terms of governance and administration. If the government itself wants any advice, I will always be available.

Senator MURRAY—There are codes within the public sector you have audited—that is accurate, isn't it—so there is no reason you should not be asked to do the same job for the political side of government, the board management, if you like, the cabinet management. I will leave it to my successors hopefully to pursue such matters.

Senator WATSON—In respect of trading entities that are under Australian National Audit Office audit, given the worldwide impact of the US subprime mortgage crisis and the problems that PricewaterhouseCoopers International accountants have experienced in relation

to the Centro Properties Group about debt classification, is the Australian National Audit Office providing additional resources, ensuring the correct classification between long- and short-term debt?

Mr McPhee—Certainly the approach we take to our audits of financial reports is very much a risk based approach. We would take into account in planning our audit, I guess, the risks around both investments and borrowings and the impact of interest rates and the classification of those. So certainly we will factor those into our audit coverage the year ahead.

Senator WATSON—Given the current state of world markets, that risk factor has increased by what sort of a percentage, in your view?

Mr McPhee—We do not put a specific percentage on it. It depends on the organisation. If it is the Audit Office, obviously the risk is not significant. If it is a body holding investments or a body holding significant loans, it may indeed become a high-risk factor which we would look at. So it depends very much on the organisation and its responsibilities.

Senator WATSON—But the risk factor must have increased exponentially, mustn't it—

Mr McPhee—Correct.

Senator WATSON—with the problems around the world?

Mr McPhee—Correct. As auditors we would be expected—you would expect us and the community would expect us—to understand that the risks have changed in the last little while and we should be focusing on that, and we will.

Senator ROBERT RAY—The Audit Office in the late 90s was a bit embarrassed when someone fiddled the till over there. Have there been any other instances since then?

Mr McPhee—You have a long memory.

Senator ROBERT RAY—What happened? You were investigating a major fraud of \$8 million while \$80,000 went out your backdoor, I think.

Mr McPhee—I forget the figure, but it was an embarrassing amount.

Senator ROBERT RAY—I am giving you a chance to say that it has not happened since.

Mr McPhee—It has not happened again.

Senator ROBERT RAY—Good. Also I am indicating that the aura of infallibility around the Audit Office occasionally has a chink—very rarely.

Mr McPhee—Absolutely.

CHAIR—No further questions? Thank you very much.

Mr McPhee—Thank you, Chair.

CHAIR—I welcome Senator Sherry too.

Senator Sherry—Thank you, Madam Chair.

[10.15 am]

Australian Institute of Family Studies

CHAIR—Moving on now to the Australian Institute of Family Studies. Good morning.

Prof. Hayes—Thank you. I have a short prepared statement. I wonder whether time permits that or would you rather I just—

CHAIR—No, an opening statement would you fine, thank you.

Prof. Hayes—Thank you very much. This is just by way of background.

CHAIR—It would be most helpful.

Prof. Hayes—The Institute of Family Studies is an Australian government statutory agency that was established in February 1980 under the Family Law Act 1975. Briefly, the key objectives of the institute are to conduct high-quality research on a broad range of policy relevant issues regarding families in Australia, to inform and influence policy development in areas relevant to family wellbeing, promote and lead public understanding and debate about factors affecting family functioning and wellbeing, identify and communicate current and emerging issues in family research policy and practice, and of course maintain and strengthen our role as the national centre for research on families.

We strive to deliver high-quality research to inform policy development in areas such as balancing work and family life, child care, family law, social inclusion, relationships pathways, the particular issues faced by low- to middle-income families and Indigenous families, issues affecting regional and remote area families, the impact of the welfare system on workforce participation, and the implications of family and demographic trends including the effects of an ageing population. May I introduce my two colleagues? Dr Matthew Gray is our Deputy Director Research and Ms Sue Tait is the Deputy Director Corporate and Strategy. We are very pleased to be here and are delighted to answer your questions.

Senator FIELDING—Good to see you again. As you would know, last year I spoke to you folks about relationship and marriage breakdown and how it is costing the community more than we think. The whole issue of the devastation that it causes and the amount of work that is done by probably a lot of government departments all over the place amounts to a figure that you probably would find very hard to quantify. I said last time before I got to the question that the failure rate of relationship and marriage would not be accepted in business. You would not accept it in a lot of areas. It is getting close to nearly one in two relationships or marriages at some stage failing and breaking down. Have you done any more work on that area of relationship breakdown in research?

Prof. Hayes—We actually have a piece of work that we have completed around trends in relationships and also the factors that seem to make relationships vulnerable or resilient. In fact, subject to our review processes that all our publications go through, it will be released this year. We have started producing facts sheets, which are accessible brief snapshots of the research in a particular area. I am pleased to say that one is completed and is in the review process.

The figures are interesting. About a third of marriages will end in divorce. If you take the per thousand marriages figure, it is running at between 12.5 and 13 per thousand marriages that will end in divorce. If you take the crude divorce figure, that is lower, but that of course takes the percentage across the whole of the population, which includes, for example,

children. So since the peak following the introduction of the Family Law Act, the rate of divorces has actually stabilised, although what we do see is the fragility of cohabiting relationships.

We have a lot less detailed information on what happens to relationships generally in this country and, if I could make a plea, it would be a very good thing to have a longitudinal study of relationships. In part, we will do that through our longitudinal study of separating families, which is part of the national evaluation of the family law system, which we are currently undertaking.

So we have done a lot of work. The suggestion that we distil it to a synthesis document was a very good one, and I am pleased to say we have actually done that. It will be released through the Australian Family Relationships Clearinghouse, which we host and which has had a very pleasing growth in web activity, particularly in the page downloads. About 150,000 pages were downloaded. Considering that we have about 3.2 million pages downloaded in a year, the amount of information we produce is considerable and it seems to be getting out there.

Senator FIELDING—I have read the *Australian Family Relationships Clearinghouse Issues No. 2, 2008*. In that issue I think you cover quite well what strengthens relationships. The issue I was asking about last time—and it was a very specific question and I just cannot see it in there—was the drivers that lead to relationship breakdown, whether it is marriage or de facto relationships. I could not see that in that research. I have asked specifically about it previously—because there is a difference between what strengthens something versus what are the drivers.

Prof. Hayes—Absolutely. The pathways to resilience are likely to be very different to the pathways to vulnerability. The document that we have prepared that is in draft form to be reviewed now looks, for example, at societal trends and the impact of reduced constraints on people staying together. In one sense, in the past, there were many economic and other imperatives for people—women, particularly, were economically in a disadvantaged position that made the choice almost impossible. Of course the other thing is that people have increased emotional expectations of relationships, so that has changed. If a relationship is not fulfilling those emotional needs, people are likely to see it as vulnerable. Of course there are the wider contexture factors like work pressures and also employment insecurity.

The document also identifies sociodemographic factors. For example, people who enter relationships at a young age where an unplanned or planned pregnancy comes into play and one partner wants a child and the other does not. I will not rehearse all of the issues, but the document also looks at the interrelationship. If you have people who had an adolescence with emotional difficulties and problems, paradoxically, they are more likely to form relationships early and those relationships are likely to be at risk. If you have people who have experienced parental divorce, again, somewhat surprisingly, they are more likely to form a relationship early and those relationships are at higher risk. I think there are also interesting statistics around the shifts that have occurred. For example, in the seventies and eighties, better educated women were more likely to divorce. The trend in recent years is that better educated women are less likely to divorce and the risk is now greater for less educated women.

From a policy point of view, there are also interesting implications around an approach to relationship education. This may in fact show the need for relationship education across life—that at different stages in life, people need relationship supports. As you indicated at the outset, the document also suggests the need for many government agencies to be involved in providing support to families. We have some research data that shows that, of people who do separate and divorce, many of them report to us that they in fact felt that the relationship was retrievable, provided they had the right supports. So I think there is a distillation into what I think will be a very useful document.

Senator FIELDING—Thank you for that explanation. I am just trying to think it through a little further. What if someone were to propose relationship breakdown drivers that you could help people with—obviously whether your parents have separated or not, education and other issues? Is there a way of underlining such generic things? People have put to me that conflict resolution skills and financial management literacy are two common drivers. You folks have been doing a lot of research since 1980. I would have thought that by 2007 it would have been distilled down into something. I know there is no silver bullet here, but I would have thought we would have got it down to four or five core issues that are driving relationship breakdown. I am not just talking about marriage here; I am using the word ‘relationship’ to mean marriage or de facto, it is the same thing, because it really is across the board. I have this gut feeling, but I need you folks to tell me. That is why I am asking the question. I have been on this track now for at least two years. I am genuinely interested to know not just what strengthens marriage—and I think it is important you have done some work there—but also the common elements driving relationship breakdown. I am not after a silver bullet, but it is the 80/20 rule.

Prof. Hayes—John Gottman’s work in longitudinal studies over probably the last 30 years shows one factor is the ratio of positive to negative experiences that people report. If you have a five-time positive reporting of satisfaction of the elements in the relationship, as opposed to one per cent of the things you would report as negative, that seems to be a predictor. The extent of communication that is open is important. Gottman adds the word ‘tactful’, too, so open communication but also tactful and caring communication is important.

In terms of relationship education, the assistance to people who have experienced a breakdown of their parents’ relationship is extremely important in breaking the intergenerational cycle. I agree with you that financial literacy and financial problems are a major issue that many relationships encounter, particularly where there are differences in the approach to the management of money. Equally, differences in the approach to wanting children or not, when people want children, and the willingness to take up and share the burden of domestic and other work that is involved once families have children are important issues. I would not discount the insights you do get from strong relationships, but I would also say that we have a very clear sense of the factors that do place relationships at risk. Those factors differ across the community and they do show some differences over time. So, yes, I agree with you, Senator, that there is no magic bullet. But in our role of informing policy, I think we have some clear insights that have been accumulated, as you said, over the last 28 years. It is useful now for us to pause and put out a document that will synthesise this literature.

Senator FIELDING—How many people have you researched or spoken to who have gone through relationship breakdown? Would it be more qualitative than quantitative? Have you done any direct studies?

Prof. Hayes—Absolutely.

Senator FIELDING—Could you go through those for us?

Prof. Hayes—The separating families study will have a sample size of around 5,000 I think it is.

Dr Gray—Between 5,000 and 10,000.

Prof. Hayes—It is between 5,000 and 10,000 families. That will be a unique study. It will look at families who separated prior to the introduction of the reforms in 2007. It will also look at the impact on people who have separated since those reforms. It will be a quantitative study but with qualitative elements. We have done many quantitative studies such as *Settling up* and *Settling down*, which was a series of large-scale studies in the 1980s, and we have had a range of studies on the impact of separation on families—on children particularly—and essentially work that looks at the sorts of stresses on families over time. All of that material is available on our website. Dr Gray, would you like to add to that?

Dr Gray—As part of the evaluation of the family law reforms that Professor Hayes has referred to, what we term baseline data collection was conducted prior to the introduction of the reforms. There were qualitative, focus group discussions held with people who had various relationship experiences from different cultures. That data will provide very rich and deep information about their experiences and views about relationships and the family law system.

Senator FIELDING—Would financial management and conflict resolution be in the top five issues that are drivers of relationship breakdown? You may use a different term to 'conflict resolution'. Would they be in the top group? I think they are, but I would be interested to know what you believe.

Prof. Hayes—Communication, family conflict and violence, financial management, differences in values and differences in expectation of and satisfaction with relationships would be broadly the five that I would put my money on, were I a gambling person, which I am not.

Senator FIELDING—Where I am leading to with this is that, as an overall community and even as a new government, the more that we know about those top five things, the more you could start to get us all to focus on helping to address some of these issues. Does that make sense? That is where I am leading to with this issue.

Prof. Hayes—That makes eminent sense.

Senator FIELDING—I am not convinced that I know, from an official point of view, what the top five drivers are. What could we do about those? If they were conflict resolution skills and financial literacy, and they are two that have been put to me constantly—as I say, I am not trying to lead you at all—then I think there is a lot we could do about those things. I think Australians are pretty competitive. It is winner take all, and sometimes in relationships we do the same thing. What are we doing with those things? When the performance benchmarks are

set for ministers, when the Rudd government comes out with these performance measures—which Mr Rudd mentioned on *The 7.30 Report* back in November, which still have not been set, but are about to be set—in some charter maybe they are measures we could look at.

Prof. Hayes—The thing I take from the work that my colleagues have done in this area is that it does need an integrated approach to policy. There are implications, for example, in areas that you would not typically think of as related to relationship wellbeing—and that is early childhood. If you look at it, the peak period for violence in human beings is up to the age of four. The issue is that we get socialised out of violence. The question is: why do some people—and I admit, predominantly males—continue to be violent and aggressive in their conflict resolution? What can you do in early life to prevent that? We focus on adolescence, but middle childhood is essentially a bit of a vacuum when it comes to thinking about relationship and conflict resolution skills that can be developed. Clearly, around adolescence and late adolescence one of the prime predictors of whether children who are juvenile offenders go on to lives of crime is the extent to which they have formed stable relationships. The other is, of course, engagement with the world of work.

Disturbingly, a trend that is going up is the breakdown of relationships that are of 25 years duration or more. That figure has risen over the last decade to be 26 per cent now, which is disturbing. So we are seeing demographic and generational changes occurring. This says to me that we do need to understand relationship pathways.

We have a flagship study of the development of children, but we need a flagship study of the development of relationships and the factors that make them strong or not. Much of the work that is in the report that we will release this year is a mixture of a small number of longitudinal studies and a large number of cross-sectional studies. The cross-sectional studies are a bit misleading.

Senator FIELDING—I am not trying to expose anything. This is a genuine issue and you know that I have spent time outside estimates going through this issue because I think that the more focus that we give to what drives relationship breakdown—there are no silver bullets—the more that we can do, and that would make sense. I think that it needs something from you folks, pretty categorically, to say, ‘Here are the top five. It is not the be-all and end-all, but here are the top five.’ Then it is official, and then we can start to say, ‘Well, what are we doing about those five? How can we address a couple of them in a better way?’ Obviously, as ministers, we can look at those and start to address policy direction. But it needs something like your group that are spending \$80 million a year on research. How much is it?

Prof. Hayes—I wish that it were that much. It is \$4.3 million in our appropriation and \$8.7 million in contracts. Sixty-seven per cent of our funding is contract related and so has specific deliverables and time frames, Senator. The appropriation is about one-third or 33 per cent and essentially that supports a lot of the infrastructure that we have.

Senator FIELDING—The reason why I am trying to get to the causes rather than trying to address the symptoms is because you are saying there is a symptom about someone who is broken—it is a cycle that goes on. So I am trying to work out some of the causes and see what more we can do.

Prof. Hayes—I hate to be repetitive but the sine qua non, if you want to look at cause, is to do a good longitudinal study that appropriately does look at the differences in causes across groups in the community.

Senator FIELDING—Are you looking at trying to put out the top five? Can you do that?

Prof. Hayes—We are looking at putting out a facts sheet which will include the trends—in other words, what is happening to relationships in terms of the pathways. For example, 76 per cent of relationships now start with cohabitation. If one looks at it, about half of those cohabitations over a five-year window end up in separation and about half end up in marriage. About 8.8 per cent of marriages though—if one took a five-year window—break down in the first five years. So we are putting a rich picture together of the dynamics of relationships in this country. The second part of it, Senator, will be the factors that seem to be related to instability or vulnerability and the factors that relate to resilience or strength.

Senator FIELDING—One last question: when will Australia know what the top five relationship breakdown drivers are from this research that you have got? When will we have that?

Prof. Hayes—Once the document is reviewed, I will clear it as I normally do. It will be put on our website; it will be press released and available to every Australian either on the web or in hard copy.

Senator FIELDING—So sometime this year? Some time before July?

Prof. Hayes—We are aiming for that. The windows that we are thinking about are: National Families Week, which is in May; our conference in early July, which will be a major event and we may launch it there; but certainly in the first half of this year. In the next six months it will be out, because it is completed in draft form.

Senator MOORE—Can you tell me how many staff you have working in the institute at the moment?

Prof. Hayes—We have 62 staff, plus me.

Senator MOORE—And that is up, Professor?

Prof. Hayes—It is up one on last year.

Senator MOORE—You have a couple of jobs advertised at the moment. Are they contract positions to go into special projects?

Prof. Hayes—Yes. We have a mix of ongoing positions and contract positions. This reflects the fact that we get two-thirds of our funding from contracts.

Senator MOORE—Can I get from you again what the breakdown of that is between what your core ongoing staff profile is—I thought you might have it, Ms Tait.

Ms Tait—In terms of ongoing staff and non-ongoing staff?

Senator MOORE—Yes, and contracted staff.

Ms Tait—Contracted staff we refer to as non-ongoing. Currently we are looking at 40 staff who are ongoing and 23 who are non-ongoing.

Senator MOORE—And that does not include the ones you are advertising for?

Ms Tait—No. Those positions come up through contracted revenue. There is a mix. For instance, a staff member has just been appointed to a position that was advertised thereby creating a vacancy. There is some fluidity in that.

Senator MOORE—I have a couple of questions about three of your programs. One is the longitudinal study on children. That is supposed to kick in now. The key research period is this early part of 2008 for this round of the process. Is that on track?

Prof. Hayes—Yes, it is. That study commenced in 2002 and the current funding concludes in 2011. We completed and released wave 2 last year. Wave 3 has been designed. It is in the pilot phase and will be in the field later this year, around April. So every two years we have a data collection, a main wave, and typically we have a between wave smaller survey—which is a way of keeping contact with the families. Unlike most longitudinal studies internationally, we have had a retention rate of around 93 per cent between wave 1 and wave 2.

Senator MOORE—That is very high, isn't it?

Prof. Hayes—It is extremely high. The field data collection agency for the study is the ABS. They go to great lengths to ensure that follow-up of families. We actually have heard anecdotal reports that families who were not available for wave 2 are keen to go into wave 3. As a researcher I would not want to make too much of this but the *Life at 1* series, which is based or modelled on the longitudinal study of Australian children, had a 27 per cent audience share for ABC on a Thursday night. That is quite remarkable. It has rerun on ABC 2. *Life at 3* will be released sometime later this year. I think that has stimulated general interest. I think there is a wide community interest in children and their wellbeing. This really is the flagship study. We hope that it can continue after wave 4.

I also hope that at some time in the future the panel longitudinal nature of the study, which enables you to bring in other cohorts, will come into play. Then you can look at the specific impacts of policies that have changed in the intervening time so you will see the impact on two different cohorts of children. It has become very interesting now—as is witnessed by the conference we had in early December last year which attracted international interest and showed us that the data is being extensively used in Australia and elsewhere.

Senator MOORE—Are the papers from that conference now out?

Prof. Hayes—Yes, they are up on our website.

Senator MOORE—I have some; I do not know if I have the whole lot.

Prof. Hayes—I do not think they are all up there. It was a matter of whether authors were happy to provide them. Some of them were reporting extremely preliminary findings.

Senator MOORE—I see that your biennial conference is now being advertised. How is the funding for that arranged? Is that a separate allocation specifically for the funding or do you have to somehow seek that?

Prof. Hayes—We recover costs through the registrations and we are seeking a small amount of philanthropic and corporate sponsorship for some of the sessions. We are hoping that that comes to pass. I see it as such a significant event nationally and regionally that I am prepared to bankroll it to a small extent, but I try to make sure that it breaks even.

Senator MOORE—Is that in April?

Prof. Hayes—That is in July—9 to 11 July.

Senator MOORE—And early registration is in April?

Prof. Hayes—Yes, and submissions close at the end of February. We have a stellar program, but I am sure you do not want me to give a paid commercial.

Senator MOORE—I will get back to you, Professor, and find out who you have got by sometime in April or May.

Prof. Hayes—Absolutely. It is very interesting. We have, for example, Professor Andrew Cherlin, who is one of the leading researchers in relationship sociology, from Johns Hopkins University, and we have Peter Whiteford, from the OECD, and our own Ruth Weston.

Senator MOORE—I could ask lots, but the one question I want to ask is about what involvement, if any, your group has had with the work in the Northern Territory.

Prof. Hayes—We have had none.

Senator MOORE—Was the paper that you put out, I think, late last year—about domestic violence and breakdown in Indigenous families—actually sent to FaCSIA? Was that part of your contract with FaCSIA?

Prof. Hayes—That was a contract deliverable.

Senator MOORE—You are nodding!

Dr Gray—The papers are very routinely provided to the department in the case of publications funded by FaHCSIA. They are provided with a copy.

Senator MOORE—And also, at the end of that paper, there was the significant list of attributions and places where you were working. You were doing that towards the end of last year, I would imagine. It was published towards the end of last year, so the research would have been earlier. But in the period around the NT activity and process you were not asked to be involved?

Prof. Hayes—We were not asked to be involved in that.

Senator MOORE—Thank you very much.

CHAIR—There are no further questions. Thank you very much for attending.

Prof. Hayes—Thank you very much, Senator Polley. We were delighted to attend.

Proceedings suspended from 10.46 am to 11.06 am

FINANCE AND DEREGULATION PORTFOLIO

Consideration resumed from 24 May 2007

In Attendance

Senator Stephen Conroy, Minister representing the Treasurer

Department of Finance and Deregulation

Executive

Dr Ian Watt, Secretary

Mr Matthew Roper, Executive Officer

General

Ms Jan Mason, General Manager, Corporate and Parliamentary Services

Mr John Edge, Division Manager, Corporate Services

Mr David Yarra, Chief Audit Executive

Mr Duncan McIntyre, Branch Manager, Parliamentary and Corporate Support

Mr Michael Hirschfeld, Branch Manager, Strategic Partnerships

Ms Philippa Crome, Branch Manager, HR Services Branch

Mr Bruce Brown, Special Counsel, Legal Services Branch

Mr Greg Smith, CAPS Point Person

Ms Ann Hansen, CAPS Point Person

Ms Glenda Ellis, Senate Estimates Coordinator

Mr Daniel Collet, Senate Estimates Coordinator

Ms Jessica Wilson, Senate Estimates Coordinator

Mr Chris Markovitch, Acting General Manager, Financial and e-Solutions Group

Ms Kym Partington, Branch Manager, CFO 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

Mr Geoff Painton, Branch Manager, Central Agencies Branch

Ms Thea Daniel, Branch Manager, Immigration and Foreign Affairs Branch

Mr Phil Richardson, Branch Manager, Human Services 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, Financial Framework Division

Mr Colin Plowman, Director of the Office of Evaluation and Audit

Mr Peter McCray, Division Manager, Deregulation, Funds and Superannuation Division

Mr Alan Greenslade, Branch Manager, Deregulation Policy Branch, Deregulation, Funds and Superannuation Division

Mr George Sotiropoulos, Branch Manager, Superannuation Policy Branch, Deregulation, Funds and Superannuation Division

Mr Tim Youngberry, Division Manager, Financial Reporting and Cash Management Division

Mr Brett Kaufmann, Branch Manager, Financial Reporting Branch, Financial Reporting and Cash Management Division

Ms Su McCluskey, Executive Director, Office of Best Practice Regulation

Ms Danielle Finnigan, FMG Point Person

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

Outcome 3

Ms Jan Mason, General Manager, Corporate and Parliamentary Services

Ms Kim Clarke, Division Manager, Ministerial and Parliamentary Services

Ms Suzanne Pitson, Acting 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 Stephen Taylor, Branch Manager, Legal and Contracts

Mr Greg Smith, CAPS Point Person

Ms Ann Hansen, CAPS Point Person

Mr Brett Quester, Director, EOIT, FeSG

Outcome 4

Ms Ann Steward, General Manager, AGIMO

Mr Patrick Callioni, Division Manager, AGIMO

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

Mr Brian Stewart, Branch Manager, Strategic Directions Branch

Ms Kayelle Wiltshire, Branch Manager, Service Delivery Operations Branch

Australian Electoral Commission

Mr Ian Campbell, Electoral Commissioner

Mr Paul Dacey, Deputy Electoral Commissioner

Mr Tim Pickering, First Assistant Commissioner Electoral Operations

Mr Doug Orr, Assistant Commissioner Elections

Mr Paul Pirani, Chief Legal Officer

ComSuper

Mr Leo Bator, Chief Executive Officer

Ms Michelle Crosby, DCEO Internal Services

Mr Marcus Markovic, DCEO Information and Technology Solutions

Ms Emily Canning, Chief Financial Officer

Australian Reward Investment Alliance

Mr Peter Carrigy-Ryan, Acting Chief Executive Officer

Mr Kevin Thompson, Head of Finance

National Archives of Australia

Mr Ross Gibbs, Director-General, National Archives of Australia

Mr James Barr, Deputy Director-General, National Coordination

Ms Karen Sheppard, Director, Finance

Future Fund

Mr Paul Costello, General Manager, Future Fund Management Agency

Mr David Neal, Chief Investment Officer, Future Fund Management Agency

Mr Paul Mann, Head of Finance, Future Fund Management Agency
Mr Gordon McKellar, Head of Operations, Future Fund Management Agency

Department of Finance and Deregulation

CHAIR—Dr Watt, do you care to make an opening statement?

Dr Watt—No, thank you, Madam Chair. We do not normally make opening statements. We are rather quiet.

Senator Sherry—There is just one issue I would like to indicate as a courtesy to the committee. Our parliamentary secretary, Ursula Stephens, will be representing me this afternoon and this evening.

Senator BARNETT—There are just a couple of areas for questions I want to ask Dr Watt. I refer to a media statement by Minister for Finance and Deregulation Lindsay Tanner on 6 February, headed ‘Government details initial round of savings measures to assist inflation fight’. This relates to one of the measures that he refers to, the Centrelink call centre in Launceston, where a decision was made, as a result of that decision, not to proceed with 150 jobs—or to axe 150 jobs—in Launceston. Attached to that media release is the measure, and I would like to read it to you. I am sure it will be on your files there somewhere. It says:

Reversal of measure—Centrelink—further call centre supplementation.

The background to this is that the then Prime Minister, on 13 July last year, announced that Centrelink would be proceeding with the establishment of 150 jobs at the Centrelink call centre in Launceston. Centrelink then proceeded to have interviews and a recruitment process and so on, but then this statement came out as a savings measure on 6 February, and subsequently, some six days later, Centrelink announced their decision not to proceed. I am asking for your confirmation that that is a ‘reversal of measure—Centrelink—further call centre supplementation’ and that that \$5.1 million figure referred to in that statement is correct.

Dr Grimes—I am happy to confirm the reversal of the measure and the \$5.1 million figure.

Senator BARNETT—That is satisfactory. I appreciate that confirmation. So the decision was made—can I just go back to it?—as a result of, I presume, deliberations and discussions to save money for that so-called ‘inflation fight’. Was it made as a result of that razor gang committee decision?

Dr Grimes—The decision was made as part of the government’s budget deliberations, yes, Senator.

Senator BARNETT—And then they instructed the department to proceed as agreed by the minister. Is that how it was?

Dr Grimes—It was as agreed by the cabinet committee, yes.

Senator BARNETT—Finally, I have a quick question on the *Pre-election economic and fiscal outlook* document and the reference to:

Kokoda Track – assistance to Papua New Guinea for World Heritage listing of the Owen Stanley Ranges.

The figure is \$0.5 million in 2007-08, and then \$5.4 million, \$3.5 million and \$3.5 million in the following years. It is under 'Table 5: Variations since the 2007-08 MYEFO'.

Dr Grimes—Yes, Senator?

Senator BARNETT—I am just seeking, again, your confirmation that those figures are correct. It is a World Heritage nomination in Papua New Guinea. It is not directly relevant to us—obviously it is directly relevant to Australia, but PNG is a sovereign nation. So will we be assisting in providing funds to assist them in that nomination?

Dr Grimes—The figures you are referring to, Senator, were a decision of the former government. That was a decision made by the former government and published in the PEEFO.

Senator BARNETT—Good. I do appreciate that, and I appreciate the indulgence of the members of the committee.

Senator ROBERT RAY—Chair, could I just ask a series of small questions so I can clear the decks for the main stars of the day.

CHAIR—Yes, Senator Ray.

Senator ROBERT RAY—I wanted to raise the question, as I did to PM&C, of unanswered questions. When I checked on 12 February, there were 51 unanswered questions. Noting that the cut-off point is July, for seven months we have not had answers to 51 questions. I take it they are all answered now?

Dr Watt—I believe so, but I will get confirmation of that.

Senator ROBERT RAY—All right.

Dr Watt—I would like Mr Edge, who is head of corporate, to help you.

Mr Edge—Yes—I understand that all of the outstanding questions were answered recently in February.

Senator ROBERT RAY—When is 'recently'? Remember that we often look at these questions to develop further questions for this round of hearings.

Mr Edge—I will just check that for you. I think the date is 12 February, but I will check that. There are obviously a large number of questions that were tabled on either 11 or 12 February—over that two-day period.

Senator ROBERT RAY—Right. It is around then, so they were well over seven months late.

Dr Watt—Yes.

Senator ROBERT RAY—Now comes the next question. You prepare drafts of these answers.

Dr Watt—Yes, we do.

Senator ROBERT RAY—Good. When did you submit them to the minister's office for approval?

Dr Watt—In broad terms—

Senator ROBERT RAY—Yes, in broad terms.

Mr Edge—In broad terms the answers were submitted across a range of dates that cover a period. Because there are such a large number, they were obviously not submitted in a single batch. They were submitted progressively—

Senator ROBERT RAY—Do you know when?

Mr Edge—From late June.

Senator ROBERT RAY—How many in late June?

Dr Watt—We can—

Senator ROBERT RAY—Roughly—

Mr Edge—I would have to line items up on the table. It looks like a number of 10 or so were submitted in late June. There were a number submitted in July. A number were submitted in early August and some were submitted towards the end of September, about 27 or 28 September.

Senator ROBERT RAY—The ones submitted in June, July and August were just not cleared by the minister for response—is that right?

Dr Watt—That is correct. Yes.

Senator ROBERT RAY—Do you make proactive attempts to check whether the minister is ever going to clear them?

Dr Watt—We do. We regularly follow up in relation to questions. We certainly do not just leave them on autopilot in the minister's office.

Senator ROBERT RAY—In other words, you are just ineffective.

Dr Watt—Yes.

Senator ROBERT RAY—Whose office did they sit in?

Dr Watt—Some were in the office of the former Minister for Finance and Administration. The rest were in the office of the former special minister of state.

Mr Edge—That is right.

Senator ROBERT RAY—So it sat in the offices of Mr Nairn, who is no longer with us, and Senator Minchin for that time?

Dr Watt—That is correct.

Senator ROBERT RAY—How many were cleared within the deadline?

Mr Edge—My understanding is that the deadline for those questions was 6 July. There were only a very small number were tabled by 6 July.

Senator ROBERT RAY—What is a small number? How many?

Mr Edge—Thirteen.

Senator ROBERT RAY—Thirteen were in—so 20 per cent got done?

Mr Edge—Roughly, yes.

Senator ROBERT RAY—Have we set a deadline for answers to questions on notice?

CHAIR—4 April.

Senator ROBERT RAY—Is there any part of 4 April that you do not understand, Minister?

Senator Sherry—I very well understand it, having pressed the issue like you, Senator Ray, for the last 11 years.

Senator ROBERT RAY—Will you remind Minister Tanner in no uncertain terms that we would expect the overwhelming majority. I understand there in some circumstances where consultation is needed or there is an immense complexity of questions, we have never insisted on it. If you want to track lethargy in PM&C and Finance, we have ticked you occasionally for having some good years. It is getting a while since we have given you a tick or an elephant stamp for having a good year.

Dr Watt—I think we are a bit short on elephant stamps in recent times; I agree with that.

Senator ROBERT RAY—I'll give you one.

Dr Watt—But I do not think it is as simple as lethargy in Finance.

Senator ROBERT RAY—No, it is political obstructionism in depriving the Senate of answers that it needs to know. We know that, but you could not possibly say that or comment on that. I will give you one elephant stamp, because the department gave incorrect evidence at the hearing on the 23rd and you put the correction in on 30 May; that is a splendid effort. We know mistakes are made and the sooner you correct them, the better. You did it very rapidly there.

Senator RONALDSON—Minister, did many of the DLOs currently allocated to your office work in the capacity of DLO in any ministerial office under the previous government?

Senator Sherry—No.

Senator RONALDSON—In relation to the Minister for Finance, are you aware whether they did or did not?

Senator Sherry—No, I am not. The department may be able to give you some information but I cannot.

Dr Watt—I will confirm this for you, but I certainly do not believe that any of the DLOs in the Minister for Finance and Deregulation's office or the DLO we provided to the Special Minister for State have previously worked as DLOs from our department in another minister's office.

Senator RONALDSON—Minister, from my recollection, Senator Faulkner said yesterday that he had two DLOs, and one who was there on a temporary basis, but I do not think he could tell us how long that temporary position was for. Are you or the department able to indicate how long that temporary position will be for?

Senator Sherry—I am not able to but the department may be able to assist you.

Mr Edge—We understand the temporary period is for about 12 weeks and we expect that that period would end at about the end of February.

Senator RONALDSON—What was the reason for that temporary placement, which was over and above normal entitlement, I gather?

Ms Mason—The reason for the additional assistance was that, because of the transition of government it took some time to recruit staff in the office. Some additional assistance was provided by the department to assist during that period.

Senator RONALDSON—Do you know if a staff member has been employed, for which the temporary DLO was required?

Ms Mason—I think the positions within the office are still being filled. Certainly a number of positions have now been filled, but from memory there are still a couple of vacancies.

Senator RONALDSON—It is a very long transition to government, isn't it?

Senator Sherry—I think you have to understand that there was a Christmas-New Year intervening period. I can speak from my own experience; my chief of staff started on Monday. I still have one position, which has now been filled, where the person who has been appointed will not begin work for another two weeks. It has been Christmas-New Year and people have to give notice. There is an intensive interview process to go through, and transition to government through that period. They are the issues that have to be considered.

Senator RONALDSON—My understanding was that all leave was effectively cancelled and it was shoulders to the wheel—the ministry, departments and everyone else.

Senator Sherry—Exactly. However, when appointing—

Senator RONALDSON—Except the Prime Minister of course, but that is another issue.

Senator Sherry—When appointing staff, certainly in my case, at least two of my appointees had to give notice to their existing employer. One had to give notice of two weeks; the other had to give notice of four weeks. It was a reasonable expectation of their former and current employers in the case of my two staff that they would work out their notice, and I think that is appropriate.

Senator RONALDSON—You are indicating that you think three months is a reasonable period of time in which to find staff, given everything that allegedly occurred in relation to the Christmas-New Year period?

Senator Sherry—I have indicated the mix of circumstances in my particular case.

Dr Watt—In sending additional staff short term to the minister's office we were responding to an email from the then secretary to the Department of Finance and Administration suggesting that this could be done and that a reasonable period would be around 12 weeks, which I assume acknowledged both Christmas and the need for staff to transition. From the department's point of view, it is certainly an advantage to make sure that the minister has a reasonable number of staff to function with. For us it is a win-win.

Senator RONALDSON—It is very generous of you, Dr Watt. Minister, the Prime Minister has told us that all wheels have been to the grindstone—I mix my metaphors there—but clearly, despite this transition and the fact that this government is apparently up and running heavily, we still have DLOs required to fill positions—senior positions, apparently—in the

minister's office. So has this transition been as quick and as successful as we are led to believe?

Senator Sherry—I think both Dr Watt and I have adequately outlined the issues concerned in the transition, and I have nothing further to add.

Senator ROBERT RAY—When did you inform the Leader of the Opposition of the opposition's staff entitlements? How long after the election did it take this time?

Senator Sherry—I am not aware of the precise date. There might be department officials who are.

Dr Watt—We are not aware of the precise date, Senator. We can do a check to find out.

Ms Mason—We can certainly take that on notice.

Senator ROBERT RAY—I just recall that in 1996 the department actually had to give dismissed staff an extra week's pay because the Howard government dithered so long in its transition period. We might do a good comparison there, Senator Ronaldson.

Senator RONALDSON—We might do some comparisons on when staff who are now non-government staff were paid and the delays in their payments as well.

Senator ROBERT RAY—I am expecting you to pursue that. Go on.

Senator RONALDSON—Thank you very much. Have any of the DLOs assigned to your office written policy advice, papers or opinion pieces, formally or informally, for Labor members and senators prior to the last election?

Senator Sherry—Not that I am aware of.

Senator RONALDSON—Are you taking that on notice?

Senator Sherry—No, I am not taking it on notice. Well, I am happy to take it on notice, and I will check, but I am certainly not aware of any of my departmental liaison officers having been engaged in that activity.

Senator RONALDSON—Dr Watt, how many DLOs from your department have been allocated to the ministers that you have responsibilities to?

Mr Edge—The Minister for Finance and Deregulation has two DLOs allocated by the department. The Special Minister of State has one DLO allocated by the Department of Finance and Deregulation.

Senator RONALDSON—Do you want to check that?

Dr Watt—That is all, Senator.

Senator RONALDSON—I am sure my colleagues will correct me if I am wrong, but I thought that Senator Faulkner said yesterday that he had two DLOs.

Senator ROBERT RAY—Yes, but one is from PM&C. Why don't you read it?

Dr Watt—That is correct, Senator.

Senator RONALDSON—So one is from PM&C and one is from you.

Dr Watt—As a cabinet minister, Senator Faulkner is entitled to two DLOs. We provided one and PM&C the other.

Senator RONALDSON—In relation to the DLOs who worked with the ministerial offices in the previous government, have they all been returned to the department at the same level of employment that they previously held?

Ms Mason—Yes, Senator.

Senator RONALDSON—Have they all?

Dr Watt—Yes. There is no reason for them not to, Senator.

Senator ROBERT RAY—So they will not, as in some other departments in 1996, be persecuted because they were DLOs.

Senator RONALDSON—So what was the—

Dr Watt—I cannot comment on what happened in 1996, Senator.

Senator ROBERT RAY—Well, I remember what happened to some of mine.

Senator RONALDSON—What was the process for determining the role in the department to which the former DLOs would return? Is there any particular process involved with that?

Dr Watt—We have always had a tradition of rotating our DLOs for relatively short periods through the ministers' offices. Normally it is about 12 months. We did extend a couple of them because of the upcoming election. They were all well aware that they were coming back at election time regardless of whether the government changed or not. I think they were all well aware of that. We go through a process with them. They leave their particular group and they come back to that group, usually, unless there is reason for them not to. I would have thought that we would have had discussions. I certainly did not, but I would have thought that the people on my right would have had discussions with each DLO about what they wished to come back to. We send good people up to ministers' offices. We try and send our best. We are interested in the development opportunity that they get while in ministers' offices, and we are very interested in looking after them when they get back, believe me, because they have developed and grown.

Ms Mason—We normally have discussions with returning DLOs to ascertain their preferences as to which business group within the department they may wish to work in.

Senator RONALDSON—Did those discussions take place on this occasion?

Ms Mason—Yes, they did.

Senator RONALDSON—With all of them?

Mr Edge—Yes, Senator, they did.

Senator RONALDSON—Thank you. Is it possible their career advancement in the department has been hindered at all by their role as DLOs under the former government?

Dr Watt—No, it is not. It would not be hindered at all.

Senator RONALDSON—Are you mindful that that potentially would be an issue and making moves to address that?

Dr Watt—I do not think it potentially is an issue. There are two things to remember: firstly, these people spend a short period of time in a minister's office. As I said, normally we try for a 12-month rotation. Sometimes they extend it to 18 months or two years. That is it. It is a short period of time. It is not several years. Secondly, they are departmental liaison officers; they are not policy advisers. We make it very clear that our DLOs are not to do policy work, and I am not aware that, in my time in Finance, DLOs have done policy work in ministers' offices. They play a completely different role. They are departmental officers on loan to a minister's office. A third point to make is that they are actually very good people. We try and send our best people up there, and their careers are not—

Senator RONALDSON—Dr Watt, I have had DLOs myself, so I know exactly what the role is.

Dr Watt—In that case—

Senator RONALDSON—That was not my question. Dr Watt, has the department had a media liaison group or person within Finance in the past?

Dr Watt—We do have a small media liaison capacity. I will find out exactly how much. John?

Mr Edge—Senator, we have a public affairs area, and part of the duties of the public affairs area is media liaison work. We have one staff member in the public affairs area whose role involves media liaison, but that is not their whole role. We have another officer in another business area, the Australian Government Information Management Office, who also undertakes some media liaison as part of their role.

Senator RONALDSON—That person with the predominant role, the main role—how long have they been in the position?

Mr Edge—I would have to check that. I think it is a couple of years at least—at least three years.

Senator RONALDSON—At least three years. And the officer who has the other, minor role—I cannot remember what the exact description was—how long has that person been in that role?

Mr Edge—We just need to check how long that person has been doing that. The other person has been doing that also for about the same period, about three years. And media liaison work is only part of both of those roles. It is not even the major part of those roles.

Senator RONALDSON—Right. Those people have been there in continuous employment for at least the last three years; is that right?

Mr Edge—Yes.

Senator RONALDSON—If I can take you now to the new government advertising body, Minister. What is the new process for government communications, and how does the minister responsible coordinate any new process involved?

Dr Watt—We will get Mr Lewis, who is head of our Asset Management Group, in to help us on this. A couple of points to make: the responsibility that Finance had transferred from the Department of Prime Minister and Cabinet was a responsibility to manage the existing

advertising contracts. It is a contract management job. We do not do a substantial amount, or indeed any amount, of coordination outside that role. I think, in some of the estimates I watched last night, Senator Faulkner indicated that that role was part of his function, but my recollection—and I could be wrong—was that that responsibility came from the role that the Department of Prime Minister and Cabinet supports him in, not the role that Finance supports him in. But I could be wrong in that recollection.

Mr Lewis—The secretary is correct. Our role is confined to managing the two contracts. One is the campaign advertising contract managed by Universal McCann. The second is the non-campaign advertising, a contract managed by hma Blaze.

Senator RONALDSON—I will come back to you, Minister, because if the department cannot give a response then you clearly should be able to, given that I think this was put over until today because Minister Faulkner believed that was an appropriate course of action. I will go through the current media agency contracts and then we can return to that afterwards. Have there been any changes to the pre-existing contracts? You said that Universal McCann was one?

Mr Lewis—It is Universal McCann and hma Blaze. I will ask Mr Grant to join me. We are extending one or both of those contracts for a period of time to allow us to conduct a full re-tender process in relation to each of those. There is insufficient time to conduct a proper process in the period that remains under the existing contracts so we are extending for a number of months, but that is simply for the purposes of us properly running an open competition in relation to any new contracts put in place.

Senator RONALDSON—So there has been an extension of those contracts, has there?

Mr Lewis—Correct, we can give you the details of that.

Mr Grant—The contracts were extended until 30 June 2008. Our intent is to provide another six-month contract extension to allow us to go through the tender process.

Senator RONALDSON—And will you be the ones responsible for tendering those new contracts?

Mr Lewis—Correct.

Senator RONALDSON—To whom will you be responsible? Will you make the decision or will it be referred to the minister for final decision?

Mr Lewis—That will be a decision the department will make in relation to the response from the market. There is no Ministerial Committee on Government Communications any more. There is no Government Communications Unit. We simply have two contracts which we are managing in the department—as we manage in relation to many other contracts.

Senator RONALDSON—So will you be making the decision or will somebody else be making the decision after you have gone through the tender process?

Mr Lewis—It could be me; it might be the secretary. We will need to work out what we think the estimated contract value is as we get closer to the point where we run the tender process, because we have thresholds for decision making on those arrangements inside the department.

Senator MURRAY—Can you just remind us of the thresholds.

Dr Watt—We can get you that information.

Senator ROBERT RAY—I want to ask about this business of seeking an extension. Does this mean that previously this matter would have been handled by the GCU and that they did not have the process properly underway? I cannot understand why you need to seek an extension—not you, because you have inherited it—when all along it was known what the timetable of the contracts were.

Mr Lewis—I imagine that there must have been an awkward hiatus in the period leading up to the caretaker period where not only the government policy but also the opposition policy was clear at that point in time—and to initiate a tender process within the GCU at that time might have been seen to be an inappropriate step to take. I really cannot speak further on that issue on behalf of PM&C.

Senator RONALDSON—The current tender had eight months to run. I am not surprised that the re-tendering process had not commenced. I would have thought that that is not an unreasonable period. If the contracts ran through until June then I do not know why you would be re-tendering back in October.

Senator ROBERT RAY—No, I am talking about starting the process.

Dr Watt—I think it is a matter of starting the process. These tender processes often take a very long period. I cannot speak about this one, but we also manage a contract for the government's nonspecialist vehicles fleet. I think from memory that that tender process was a 14-month process. I am not suggesting that this one would be as long, but we must remember two things: one, we got the function in December and we got the people—and I am sure had the GCU still been in existence that they may have been able to do it quicker than us—but we also have a learning curve to get through.

Mr Lewis—Senator, (1) there is a learning curve and (2) there is not just one way to go about this kind of tendering process. We consulted the ANAO—who are involved in an audit in relation to this matter as well, by the way—and in light of the various conversations we had we were of the view that we needed to take a couple of months just to scope out the industry and to scope out the potential ways we could structure a tender process before we initiated it, and that therefore it would be a wise step for us to take to extend the existing contracts a little bit so we could be confident in the tender we then ran and in the outcome that would then ensue.

Senator RONALDSON—I again revisit it. Is the department going to be running the tender process and making the appointment or will it have ministerial input?

Mr Lewis—The department will be running the tender process and the department will be making the decision.

Senator RONALDSON—Without any reference to a minister?

Mr Lewis—Usually we will advise the minister in relation to the outcome of our tender process.

Senator RONALDSON—So the only involvement of the minister, after the end of this process, will be for the department to advise the minister of the decision you have made.

Mr Lewis—That is correct, Senator.

Senator RONALDSON—You mentioned the GCU. It has been disbanded, I gather. Has the GCU been disbanded?

Mr Lewis—That is correct.

Dr Watt—That is our understanding.

Senator RONALDSON—Do you know what arrangements were made for the employees that formed the part of that unit that was in the department? Did they go back to you or did they go back to PM&C?

Mr Lewis—I can speak for four of the employees. Four of the employees of the GCU—or section, in fact, of the Government Communications Unit—have transferred to the Department of Finance and Deregulation. They are welcome to our department. They are involved in a central contracting function. We have other ones. As the secretary mentioned, we do a central whole-of-government contract in relation to fleets, so there are synergies in relation to that contract management role for us. We were very welcoming to those four individuals. The rest of the GCU would be a matter to be taken up with PM&C. We only picked up that one contract management role and the four people in the section that had that responsibility.

Senator RONALDSON—These people in the GCU were independent of the political process, weren't they? I gather they followed the APS Code of Conduct and conventions regarding impartiality et cetera.

Dr Watt—That is a question you would have to direct to the head of PM&C, Senator. It is not something that I can comment on.

Senator RONALDSON—I will just go back now to this new media unit that will sit within the finance department.

Dr Watt—What new media unit?

Senator RONALDSON—Are you denying that there is a new media unit?

Dr Watt—Senator, all we have got is four people to manage a contract.

Mr Lewis—Two contracts.

Dr Watt—Two contracts. That is it.

Senator RONALDSON—Minister, can I ask you. In the *Australian*, I think, on 14 February there was a significant interview with Minister Tanner where it was said:

Mr Tanner has brought in former ACTU media chief George Wright, who was responsible for the Your Rights at Work campaign, as his press secretary and special adviser for a new media unit that will sit in the Finance Department.

Is that correct or incorrect?

Senator Sherry—I have not read the article. I am not familiar with it, so I do not give a response in respect of the detail of that particular media argument. All I can do is indicate that

my understanding, both from officers and from the briefing I have had, is that it is contract evaluation and that there are two contracts. I am not aware of the names of individuals, other than as disclosed this morning, in contract evaluation.

Senator RONALDSON—I will give you some quotes.

Senator Sherry—I do not know whether the report in the media is correct or not.

Senator RONALDSON—I will give you some direct quotes.

Senator ROBERT RAY—It is in the *Australian*, though, so—caution.

Senator RONALDSON—If you want to reflect on Michael Sainsbury, that is entirely up to you, Senator Ray, but he has put out quite a detailed article, and he has directly quoted Mr Tanner. I would have thought that if the contents of that were incorrect there would be a retraction that we would have heard a lot about, given the very significant nature of the interview. I will now return to it:

“He ran the Your Rights At Work campaign; he is a heavy hitter in the media world,” Mr Tanner said—

this is the same gentleman—

“I have put him in charge of the media buying issue,” he added.

“The process of advertising in general has been put very much down into first gear. Since we took office there have been only three campaigns on non-controversial things, like a ‘sun-smart’ campaign—I am giving you the full gamut of this and not just pulling it out. The article also says:

While final details of the new arrangements have yet to be worked out “because we want to do it properly”, Mr Tanner has rolled over the existing advertising contract with media agency Universal McCann, due to expire in June, to the end of 2008.

So he has confirmed that there is a new media unit within Finance, but the final details of the new arrangements have yet to be made. Do you know nothing about it?

Senator Sherry—I do know something about it. I know what the officers have explained this morning and what I have had briefed to me. I am happy to take your question on notice. You are relying on a report in the *Australian* and I do not reflect on that. I am happy to take it on notice and draw it to the attention of the Minister for Finance and Deregulation for him to respond.

Senator RONALDSON—Minister, the GCU has been disbanded. Your colleague has been publicly talking about a new media unit and about Mr George Wright as the former ACTU media chief—a ‘special adviser for a new media unit that will sit in the Finance Department’—and you know nothing about it. Are you seriously telling the committee that?

Senator Sherry—It is not that I know nothing about it.

Senator RONALDSON—What do you know about it, then?

Senator Sherry—I have indicated what I am aware of through the officers this morning who outlined the new process, and obviously, I have read a briefing on it. I am not aware of the article in the *Australian*. You are repeating your question; I repeat my answer: I will take

your question on notice. I will seek an outline from the Minister for Finance and Deregulation and you will get that in due course.

Senator RONALDSON—Dr Watt, has the finance minister—and I do not know where he sits in the pecking order, but presumably at a very serious level—spoken to you or anyone else within the department about the establishment of a new media unit sitting within the finance department, and has he discussed with you the name of Mr George Wright?

Dr Watt—From time to time the finance minister and I discuss a number of things. We do not normally disclose them in this committee. I am aware that Mr Wright is the finance minister's press secretary and that he has joined his office team recently. Mr Wright may well be the relevant adviser on media buying issues—I think that is correct—but as far as I am aware, that is where Mr Wright's current responsibilities stop.

Senator RONALDSON—'I have put him in charge of the media buying issue'—

Senator Sherry—'Issue'—

Senator ROBERT RAY—'Issue'—is that what you said?

Senator RONALDSON—Exactly.

Senator ROBERT RAY—Exactly.

Senator RONALDSON—That is why I said it, because it is the 'issue'. The issue is that this will be going in to the department of finance. Are you telling the committee today that you have not been spoken to about a new media unit within Finance?

Dr Watt—As I said previously, I discuss a number of things with the Minister of Finance and that advice, as far as I am aware, is not normally tendered in this committee and I would not propose it being tendered this time. I can only say that the extent of media buying activities in the department of finance is, as far as I am aware, four people, one of whom has moved back to PM&C on secondment to do something else.

Senator RONALDSON—Minister, I will ask you again: is there or is there not a new media unit being set up in the ministry of finance—

Senator ROBERT RAY—You are pathetic.

Senator RONALDSON—headed by Mr George Wright, as alluded to and quite clearly stated to Michael Sainsbury—

Senator ROBERT RAY—Your interpretation.

Senator RONALDSON—and indicated in an article on 14 February—yes or no?

Senator Sherry—I have already indicated twice in response to your questions that I will take that on notice.

Senator RONALDSON—So this is an example of the openness and transparency that has been touted by the Rudd government, the culture of disclosure—

Senator ROBERT RAY—That has really hurt you.

Senator RONALDSON—You are not prepared to say to this committee—nor the secretary who has been compromised, quite frankly, by your failure—whether there is or is

not a new media unit within the department of finance, as quite clearly indicated by Mr Tanner, headed by the former ACTU media liaison person.

Senator ROBERT RAY—A point of order, Chair. This question is getting repetitive. The minister has said, courteously, that he will take it on notice even though the secretary has indicated that the individual you were talking about is employed under division 3 of the MOPS Act. Therefore, he is not in the Department of Finance and Deregulation but on the minister's personal staff, and the way he directs and delegates work to him is his business.

Senator RONALDSON—Thank you very much, Senator Ray, for the intervention.

CHAIR—Order! Can I just ask Senator Ronaldson—

Senator BRANDIS—He is speaking on a point of order.

Senator ROBERT RAY—Well, wait for the call.

CHAIR—There was no call to the chair. I would appreciate some common courtesy. If you want the call, you can at least acknowledge the chair, as we have done this morning and yesterday. Senator Ronaldson, you have the call now.

Senator RONALDSON—Thank you, Madam Chair. Quite frankly, Senator, I was asking questions when you took a point of order, so my question was a continuity of that. Madam Chair, thank you for the call. Indeed, Senator Sherry, Senator Ray's intervention again highlights the lack of transparency of what you are just about to do. Indeed, you have put a former ACTU media person into Mr Tanner's office and he is now going to be responsible for a unit within the so-called independent Department of Finance and Deregulation.

Senator ROBERT RAY—Rubbish!

Senator RONALDSON—So how is that an example of transparency and openness? What was the expression that you used to Senator Brandis?

Senator BRANDIS—The Governor-General committed the new government to a 'culture of disclosure'.

Senator RONALDSON—That is right, a 'culture of disclosure'.

Senator SHERRY—Rather than pass over questions, can I respond to the question when it is passed over to Senator Brandis, Chair?

CHAIR—On the point of order, that was earlier. The point of order that was made earlier was a valid point of order. The point of order that was taken by Senator Ray was a valid point of order. If you want to repeatedly ask the same question, all you are going to do is use up valuable time. So, Senator Sherry, you have the call.

Senator SHERRY—I have already responded to the question and the officers have responded as to the new arrangements in the department. As I say, we will take it on notice. There is further information you have sought clarification for, and I am very happy to take it on notice and get a response from Minister Tanner.

Senator RONALDSON—Thank you. I will ask the department again to clearly outline what you say the new arrangements are as referred to by the minister twice now. So what are the new arrangements?

Dr Watt—The only arrangement that we have is that we had four people—one has gone back to PM&C—now three people to run two media contracts. That is all we are doing.

Senator RONALDSON—But you were doing that before, weren't you?

Mr Lewis—No, Senator.

Dr Watt—The Department of Prime Minister and Cabinet were doing that before, Senator. They moved with the AEO changes that were announced by the new government.

Senator RONALDSON—So these are the only new arrangements that are in place? Is that correct?

Senator SHERRY—Within the department, that is my understanding.

Senator RONALDSON—The only new arrangements?

Senator SHERRY—That is my understanding—they are the only new arrangements.

Senator RONALDSON—So I take it from that that you are therefore denying that there is a new media unit being set up within the Department of Finance and Deregulation if they are the only new arrangements?

Senator SHERRY—I have already answered your questions, the officers have already answered your questions, and I have agreed to take on notice, for the fourth time, the information you have sought from Minister Tanner, and I will do so.

Senator RONALDSON—Can I follow that up?

CHAIR—Senator Ray.

Senator ROBERT RAY—I understand Dr Watt's position is that he cannot reveal conversations between the minister for finance and himself so I am not going to ask about that. But has a secret media unit been set up in your department?

Senator RONALDSON—It is hardly a secret.

Senator ROBERT RAY—That is what you have said.

Senator RONALDSON—It is hardly a secret.

Senator ROBERT RAY—Have any provisions for funds been made to set up a media unit in your department over and above your existing entitlement?

Dr Watt—No, Senator.

Senator MURRAY—As a clarification, can you explain for me, Dr Watt, what media buying is? As I understand it, policy determines which media they want to reach—knowing that they want to reach television or regional newspapers or whatever—and then the tender process then focuses on the actual buying of the media from the operator. Is that how that operates?

Dr Watt—Yes, but it is a bit more complicated.

Mr Grant—Senator, perhaps I can help. We administer two contracts: one is for campaigns, one is for noncampaigns.

Senator MURRAY—Yes, I understand that.

Mr Grant—Each year we go through a process of agreeing rates with the providers of advertising space—TV, print media and electronic media.

Senator MURRAY—That is really media buying, isn't it?

Mr Grant—That is right.

Senator MURRAY—But the policy of the minister's office is determined by which demographic they wish to reach for a particular campaign. Is that correct?

Dr Watt—I think the answer to that is that, if you were proposing a media campaign on any subject, there would usually be a new policy proposal put forward which would have an amount of money allocated which would be split between different forms of media, depending on the sort of campaign that is to run. So if Minister X decided to have a campaign on Y, they would come to the media buying team, which is now in Finance, and say: 'I have cabinet authority to spend this amount of money; I wish to break it up this way. You get us the space.'

Senator MURRAY—The reason I am asking this question is that I fear there has been loose language used, because in the contractual sense of tendering and then deciding on the tender you are a media buying unit—in the contractual sense. But in the policy sense of determining what the department should be doing and what media is needed to reach a particular demographic, that would not be your function. That is correct, isn't it?

Mr Grant—Perhaps I can just clarify. First, we set up two media contracts which agencies subject to the financial management and administration acts must use. They are mandatory contracts. Agencies approach those contractors when they wish to place advertisements. So they go directly there. In terms of our role, it is to set up and manage the whole-of-government contracts, the centralised contracts, and each year to also negotiate the maximum prices that we will pay.

Senator MURRAY—So your unit of four officers—

Dr Watt—Three.

Senator MURRAY—Your unit of three officers buys the media within that framework?

Mr Grant—It does not directly buy. It negotiates the contract with the media placement agencies, and then departments and agencies go directly to them—

Senator MURRAY—And buy at those rates.

Mr Grant—That is right.

Dr Watt—That is correct.

Senator MURRAY—Thank you. Thank you, Senator Ronaldson; I just needed to clarify what they do.

Dr Watt—At the risk of overclarifying, Senator, we do not determine the split between media—that is something determined by others—and we certainly do not have a role in determining the content of the advertising.

Senator MURRAY—Got it.

Senator RONALDSON—On the content of the advertising—who will be making those decisions now?

Dr Watt—Under current arrangements, I presume—and this is a presumption on my part—that that will be done by the people putting together the responsible campaign proposal, certainly not by us.

Senator RONALDSON—Minister, will that be under the auspices of a particular government body?

Senator Sherry—As Dr Watt has indicated, it is not being carried out by Finance. So I have no knowledge beyond that of who will be responsible for that.

Senator RONALDSON—What? There has not been discussion about that in cabinet or elsewhere?

Senator Sherry—Certainly there has been no discussion in any meetings that I have attended. I would remind you I am not a member of cabinet; I am a member of the outer ministry. So there has certainly been no discussion with me in any formal or, frankly, informal sense.

Senator RONALDSON—I know how you feel.

Senator ROBERT RAY—Were you in the outer ministry?

Senator RONALDSON—Can I take you please to—

Senator Sherry—I feel very good, actually. It's great to be a minister in a Labor government.

Senator RONALDSON—I can actually imagine that, yes.

Senator ROBERT RAY—Tell him about it, Minister.

Senator Sherry—Tell me about it!

Senator RONALDSON—I had a lot of time to think about it, so I think I have got a rough idea. The Joint Committee of Public Accounts and Audit, their guidelines on advertising—will you be implementing those?

Senator Sherry—I am not aware of their guidelines on advertising.

Senator RONALDSON—Does the department wish to answer the question?

Dr Watt—Sorry, Senator, I was not sure if you were directing the question to the minister.

Senator RONALDSON—I was, but the minister was not sure.

Dr Watt—No. At this stage we have no involvement in implementing anyone's guidelines.

Senator RONALDSON—Minister, in the government, what are the processes for the management of government advertising?

Senator Sherry—The processes and the extent of the involvement of the department of finance—this is your fifth time around, Senator Ronaldson—

Senator RONALDSON—Minister, I might just interrupt. I would like to get an answer. This was part of the present government's pre-election commitments about openness and

transparency. I cannot get from you, after an hour, any indication at all about how government advertising is going to be run. The department of finance says the only responsibilities it will have are managing a couple of contracts. If that is the department of finance out of the way, who has got responsibility for government advertising?

Senator Sherry—I am here representing the minister for finance, and what has been outlined is the extent of my knowledge and the department of finance's knowledge and involvement. That is accurate. I have nothing further to add.

Senator RONALDSON—But your lead minister, in a speech to the National Press Club, said:

... the auditor-general will have the final sign-off on any future advertising campaign costing more than \$250,000.

I want to ask you some questions about that. Your lead minister is talking about the Auditor-General and talking about advertising but, according to you, the only responsibilities the department of finance has—his department—are in relation to a couple of contracts.

Senator Sherry—You have raised his comment in that speech. Again, I am happy to take it on notice and seek any further information that the minister for finance wishes to add as to the new processes for overseeing advertising in this government.

Senator RONALDSON—I think your forward-year revenue, or expenditure savings, indicated some \$350 million in government advertising over four years. Who is making the decisions about where that expenditure reduction is going to come from?

Dr Watt—I do not think it is quite as simple as that, Senator. I think the issue is that comparisons are being drawn with past advertising spending, not current advertising spending. The way in which future levels of advertising spending will be addressed—I would assume—is the way the government has always addressed them, on a campaign by campaign basis. I would assume that that will be done with assents to the government's commitment on advertising spending.

Senator RONALDSON—So, Minister, you have done away with the GCU. What other bodies responsible for advertising under the previous government have also been done away with?

Senator Sherry—I have already indicated to you what I am aware of in respect of the department of finance—that is my responsibility here—and the officers have done the same. I think this is your sixth go. I cannot inform you beyond that which I have already informed you and which the departmental officials have informed you. You have raised a number of media reports. I am happy to take those matters on notice for the minister for finance to obtain an answer, or answers, for you.

Senator RONALDSON—I have also been counting the questions, and I have been counting the lack of responses to those questions. If you want to get up to 10—you have not answered my questions—I am happy to get to that stage.

Senator Sherry—It is your time. It is a well worn path—I understand it.

Senator RONALDSON—Dr Watt, can you cast—

Senator Sherry—We have discussed this issue for an hour or more. There is nothing more that I think can be added. I do not know why you do not accept what has been provided to you in its detail. Because that is it, in terms of the role of the department of finance.

Senator RONALDSON—Again, at the risk of repeating myself—

Senator ROBERT RAY—No. God forbid!

Senator RONALDSON—You have a minister who is not only in charge of the reduction of expenditure in relation to this particular area but has already flagged publicly that he will be putting in place new arrangements—and indeed who will be responsible for those. I ask you again: are there any former bodies run by the government in relation to communications or advertising that are going to be changed by this government?

Senator ROBERT RAY—What were they? Did they exist?

Senator MURRAY—I raise a point of order, Madam Chair. I understand the intent of Senator Ronaldson's approach, but I suggest that, if the minister and the department are unable to answer the question, Senator Ronaldson should put that question on notice through PM&C for them to respond, because what you are asking is a whole-of-government question. If you are not going to get a response, that is the only other mechanism for you.

Senator RONALDSON—I thank Senator Murray. If I am wrong, then I stand corrected and I will move very quickly to address that wrong-doing. My understanding was that this was raised yesterday with PM&C and we were directed today to Finance because it was a finance matter. If I am incorrect about that, then I will humbly apologise, but my clear understanding is that there were some questions about this yesterday which were referred to Finance. If none of my colleagues can help me in relation to that, I will go back and check the record, but that was my very clear understanding.

Dr Watt—In terms of the transfer, the only function that was transferred to us was media buying, nothing more. That was very clear in the discussions I had with the Secretary of PM&C about Finance taking over the contractual management responsibility. We were taking nothing more than that and, indeed, that is exactly what we got.

Senator RONALDSON—I will leave it there because clearly this is a matter for Minister Tanner who is going to have to either refute or acknowledge the press article which I accept is not a matter for you at this particular time.

Senator ROBERT RAY—Senator Ronaldson, may I suggest that, if any of the questions taken on notice are more appropriate to PM&C than Finance, we request Finance to transfer them across so that they do not go into the ether—not to transfer all of them, because some of them relate to you, but others may be transferred to PM&C.

Dr Watt—We would be delighted.

Senator RONALDSON—I again quote Minister Tanner's speech:

... the auditor-general will have the final sign-off on any future advertising campaign costing more than \$250,000.

Has the Auditor-General's office been contacted in relation to any future role in this new communication process?

Senator ROBERT RAY—Why didn't you ask the Auditor-General when he was here earlier this morning? They are not responsible for the Auditor-General.

Senator RONALDSON—Your lead minister, the minister for finance, has made this claim in a speech to the National Press Club.

Dr Watt—The Auditor-General is in the Prime Minister's portfolio.

Senator ROBERT RAY—He was here this morning.

Senator RONALDSON—What are the divisional responsibilities with Minister Tanner in relation to the Department of Finance and Deregulation and the Department of the Prime Minister and Cabinet? Can you tell this committee that please?

Senator Sherry—The responsibilities of the department of finance have been well outlined, probably up to seven or eight times this morning, and accurately outlined in their entirety. You have raised a range of other issues which are beyond the department of finance. I am happy to take them on notice. The department is happy to pass those relevant questions that have been placed on notice over to PM&C and we will obtain an answer for you.

Senator RONALDSON—Dr Watt, have you provided the minister for finance with any advice in relation to matters involving the Auditor-General or matters involving limits on spending?

Dr Watt—From time to time I provide the minister for finance with advice on a number of issues. We do not normally comment on that.

Senator RONALDSON—With the greatest respect, we have just been told by the minister that these matters are not within the purview of the department of finance; they are in PM&C. I then asked the minister about the division of responsibilities and he gave an answer, with the greatest respect, not dissimilar to an answer given by a former Defence minister of my government of about 15 years ago which, from recollection, brought the house down. Everyone is not clearly aware of what the divisions are. That is why I asked Dr Watt whether he has provided any advice to the minister for finance in relation to the Auditor-General and the matters raised in that National Press Club speech.

Dr Watt—Senator, I have responded in the terms that we have been using in this committee for a long while—that we usually do not confirm the advice we might or might not provide to the minister.

Senator RONALDSON—Minister, again this is a glaring lack of transparency. Dr Watt is refusing to answer a question as to whether he has advised the minister for finance about matters relating to the Auditor-General and his views on future advertising spending.

Senator Sherry—Senator, you well know—

Senator Robert Ray interjecting—

Senator Sherry—Senator Ronaldson, I think you had better talk to your leader, Senator Minchin, because he has sat where I am sitting for many years. The conversations between officers of a department, such as Dr Watt, and a minister are not publicly revealed. Advice to government on policy is not publicly revealed.

Senator BRANDIS—Minister, I think we know that. But don't you acknowledge that there is a difference between asking whether advice has been given in relation to a particular matter, which is not a question about the content of the advice but merely the topic of it, and a question about the substance of the advice? Neither Senator Ronaldson nor anyone else would, I am sure, want to breach the convention of not asking about what advice had been given to a minister by public servants. But, given that you were prepared to answer a question on whether you have been given advice, I suggest to you and to the chair that a question seeking to identify, in very broad terms, the topic of the advice but not asking about the substance and effect of the advice is not an objectionable question.

Senator Sherry—That is all very interesting, Senator, but as I have already indicated the departmental officials and I have indicated what the arrangements are in respect of the advertising oversight and contractual evaluation. It is probably the 11th time from a different angle, but I am pleased to take Senator Ronaldson's questions on notice and pass them on to Senator Faulkner. Where relevant, the department will pass them on to PM&C. But we have given a full and detailed outline of the responsibilities of the department of finance in respect of advertising.

Senator RONALDSON—Just so that I am absolutely clear: the only responsibility the department of finance has at the moment is in relation to the maintenance of these existing contracts—is that correct?

Dr Watt—That is correct.

Senator Sherry—Correct.

Senator RONALDSON—Can I therefore take it that every other matter related to government communications is fully within the responsibilities of the Department of the Prime Minister and Cabinet?

Dr Watt—Yes.

Senator RONALDSON—Thank you.

Senator ROBERT RAY—That is a false premise. If it is a whole-of-government question it can go to PM&C. It does not mean that all responsibility lies there. You might get a different answer from them.

Senator RONALDSON—If it is not there, where is it?

Senator Sherry—Senator Ronaldson, all that the departmental officials and I can indicate—and we have—is what are the responsibilities of the department of finance. As for what the other responsibilities are outside the department of finance—in PM&C or elsewhere—we will take it on notice and the minister will provide you with a response.

Senator RONALDSON—If it is not in PM&C, where else would it be, Minister?

Senator Sherry—I am here representing the department of finance. All I can indicate, as I am required to do, is what the arrangements are in the department of finance. That has been given in full detail for probably the 12th time now. As for the other arrangements, as we have indicated your questions are on notice. They will be passed on to the minister. Where relevant, the department will pass them on to PM&C and a response will be given to you.

Senator RONALDSON—As a minister of the Crown, you also have responsibility to this committee not only to answer questions in relation to your portfolio but also to answer questions as to matters of which you have notice and knowledge. Buck-passing this by saying, ‘Well, it is not my issue,’ is not—

Senator ROBERT RAY—Come on! Rubbish!

Senator RONALDSON—sufficient behaviour in this committee. I will ask you again. You said yes and then there was a reversal. Are you now saying that it is not all within PM&C?

Senator Sherry—That is your description. What I have indicated to you—for the 12th time—

Senator RONALDSON—We will get to 20 if we need to.

Senator Sherry—It is largely an opposition forum. You can ask the question 100 times if you like. That is up to you—or to the chair. I have indicated, and the officers have indicated, what the role of the department of finance is.

Senator RONALDSON—Dr Watt, when I put that proposition you nodded your head in agreement. Are you now saying that that is not correct and that it is not your understanding?

Dr Watt—I am sorry, Senator—

Senator RONALDSON—I asked you whether government advertising now is solely within the domain of PM&C, and you nodded your head in agreement. Is that correct?

Dr Watt—Senator, I think there is a little bit of—

Senator RONALDSON—Did you or didn’t you?

Senator ROBERT RAY—Come on, let him answer in his own way.

CHAIR—You just asked him a question. Let him answer the question.

Senator ROBERT RAY—Let him answer the question.

Senator RONALDSON—It is quite clear. The officer nodded his head when I put it, so I am just asking whether that nod was correct.

Senator ROBERT RAY—No. You asked the question and then you verballing him straightaway, before he could even answer it.

Senator RONALDSON—I am not verballing him at all.

Senator ROBERT RAY—Of course you are.

Senator RONALDSON—Oh, rubbish! Absolute rubbish.

CHAIR—Dr Watt has the call to respond to the question that you put, Senator Ronaldson. Considering this is the 12th or 13th time you have asked it, please allow the answer to be given.

Dr Watt—Thank you, Madam Chair. Senator, I think the debate swirled around two slightly different propositions: one is the whole-of-government responsibility for advertising and where it lies—whether it lies with Finance or PM&C. Clearly, a part of that function was transferred to Finance; the rest was not. So my presumption is it remains with the Department of the Prime Minister and Cabinet.

Senator RONALDSON—Thank you. That was not so difficult.

Dr Watt—But there is another point which I think it is fair to make, and that is that you also asked if there were advertising or communication responsibilities outside Finance and PM&C, and of course individual agencies have responsibilities for the campaigns that they run.

Senator FORSHAW—Yes, lots of them.

Senator ROBERT RAY—Do you understand that? Has that finally sunk in?

Senator RONALDSON—I will get back to it.

Senator ROBERT RAY—Has that finally sunk in?

Senator RONALDSON—I will get back to it, because you know as well as I do that the prevarication today is quite clearly indicative—

Senator ROBERT RAY—No, it is not.

Senator RONALDSON—that this openness and transparency has gone missing very, very—

Senator ROBERT RAY—Slippery and slimy questions, that's why.

Senator RONALDSON—Oh, slippery and slimy—coming from you!

Senator ROBERT RAY—That's right, yes.

CHAIR—Senator Ronaldson has the call.

Senator RONALDSON—Coming from you of all people!

Senator ROBERT RAY—Yes.

Senator RONALDSON—Slippery and slimy!

CHAIR—Senator Ronaldson has the call. Have you got a question, Senator?

Senator BRANDIS—I have some questions.

CHAIR—Senator Brandis.

Senator MURRAY—I have a couple more questions.

Senator BRANDIS—I will defer to Senator Murray if he wants to pursue the government advertising issue.

CHAIR—Senator Murray.

Senator MURRAY—Just very briefly. Thank you, Senator Brandis, Chair. Previously, officers of your department serviced—I suppose that is the right term—the GCU. There was—my memory is not as good as yours on names—

Dr Watt—Senator, if you go back to the Department of Administrative Services, which was in 1997, I believe that is correct, yes.

Senator MURRAY—Yes. With respect to any signing off on contracts, that will be done in the normal way in terms of the tendering process?

Dr Watt—Yes, that is correct.

Senator MURRAY—You as the secretary will sign off on all contracts, won't you, so an audit trail will exist in this area?

Dr Watt—Unless there was an explicit decision to have another decision maker.

Senator MURRAY—I raise this deliberately because, in that discussion, which we have had at previous estimates, historically—it was way back—it was very difficult to ascertain who signed off finally on the fact that an advertising campaign matched the guidelines that the government was using and complied with those. With respect to your responsibilities, there will be an officer who signs off on any commitment.

Dr Watt—That is correct. This is in terms of a tender we would run—yes.

Senator MURRAY—Thank you. Thank you, Madam Chair. Thank you, Senator Brandis.

CHAIR—Senator Brandis.

Senator BRANDIS—Minister and Dr Watt, I want to take you through the so-called razor gang exercise. It might be helpful if I give you two documents.

Senator Robert Ray interjecting—

Senator BRANDIS—Yes, I am about to, Senator Ray. The first of those documents is a single sheet, and its source is an attachment to a press release by Mr Tanner, then the shadow minister for finance, in advance of the election. It is, in tabular form, a summary of Labor's promised expenditure cuts in the event that it were elected. The only expenditure cut that it omits, as you will see from the footnote to the document, is an estimate of the savings arising from the withdrawal or down-scaling of the Australian deployment in Iraq.

The second document is a media release by Mr Tanner from 6 February 2008 which was published contemporaneously with his Press Club speech that day and sets out additional savings that are tabulated in the final three pages of the document. There is no overlap between the two documents. In other words: the 45 savings measures appearing in the three pages attached to the National Press Club speech press statement of 6 February 2008 are, in each case, additional to the 32 measures appearing in the pre-election expenditure economies on the one-page document. I want to concentrate for the moment on the longer document, the measures announced by Mr Tanner on 6 February. Although the logic of the order of the items is not obvious to me, I think the most efficient way to do this—though it is quite a long exercise I want to go through—is to take you through them one by one in the order in which they appear.

Senator MOORE—Is that the three pages, is it?

Senator BRANDIS—I have asked the secretary to make some extra copies.

Senator MOORE—I am just thinking about going through the three pages one by one.

Senator BRANDIS—There you are, there are some more.

Dr Watt—The logic is alphabetical by portfolio.

Senator BRANDIS—Is that right? That is not apparent from the document. That is somewhat helpful. In each case I am interested in knowing—and, of course, I will not trespass upon the substance of advice to ministers—what process was undertaken in each case before

deciding to slash or eliminate each of the 45 expenditure items announced by Mr Tanner on 6 February. I am going to take you through each one with particularity, but before we start, sort of by way of introduction, can you describe to us by what process this list was arrived at?

Dr Watt—Yes, I can do that. The government reviewed the decisions announced by the previous government in both the mid-year economic and fiscal outlook and the pre-election fiscal outlook.

Senator BRANDIS—Can you remind me of the date on which the relevant MYEFO was published? The one that Dr Watt is referring to.

Dr Grimes—I cannot recall the exact date but, from memory, it was late October.

Senator BRANDIS—What about the PEFO?

Dr Grimes—The PEFO was published shortly thereafter. Once again, I do not have the exact date but it was early in the election campaign, obviously.

Senator ROBERT RAY—You said late October, wasn't it more mid-October? I think you will find that if you take approximately six weeks off 24 November, you get very close to it and it was on the Monday.

Dr Watt—The context in which the PEFO was reviewed was that funding for these measures announced by the previous government—if the funding needed to be appropriated—would have been appropriated in the additional estimates context and the additional estimates bills have just gone into parliament. So in the context of considering the need to appropriate for many or most of these—

Senator BRANDIS—Would you pause there because that is a very important distinction. What I want to know is whether you say that all of these measures—and perhaps you might care, during the luncheon adjournment, to study them carefully—

Dr Watt—I will clarify them for you.

Senator BRANDIS—It is important to know whether these were all measures that were the subject of the MYEFO or were some of them measures that had a longer history.

Dr Watt—All the measures that are reversed—so, when you see things like 'reversal to measure'—were all measures in either the MYEFO or the PEFO.

Senator BRANDIS—But if you go—sorry to interrupt you, Dr Watt—

Dr Watt—No, keep going.

Senator BRANDIS—But if you go to the second page of the table—

Dr Watt—That is right, where you stop seeing revisions.

Senator BRANDIS—you stop seeing 'reversal' and you start seeing 'revision', and then further down you see neither. There are just measures that are abolished; they are neither reversals nor revisions.

Dr Watt—That is right. They were straight measures rather than reversals. So there are two things: there were the MYEFO and PEFO reversals—that was the first strand; and, second, the government looked at a limited number of savings measures that were consistent, they believed or they considered, with their election campaign. For example, if you look at a

number of these subsequent measures, they are in relation to underspent advertising money. That could be taken in the context of an early decision because they had 2007-08 spending implications.

Senator BRANDIS—Yes, go on.

Dr Watt—That is what we have done.

Senator ROBERT RAY—Senator Brandis got interrupted before. At what level of government? We have not established that yet, have we?

Senator BRANDIS—Not yet, and that is why, Senator Ray, I am going to go through these one by one.

Senator ROBERT RAY—I thought generally, yes, we knew.

Senator BRANDIS—But I have invited Dr Watt at the level of generality to describe the process. Now, what you have done, Dr Watt, is merely tell us what different categories these measures fall into, but what I am interested in knowing is by what process these items were identified.

Dr Watt—The decisions were taken by the strategic budget committee of cabinet on the basis—

Senator BRANDIS—Who sits on the strategic budget committee of cabinet, please?

Dr Grimes—Senator, the membership of the strategic budget committee is the Prime Minister, the Treasurer, the Minister for Finance and Deregulation, and the Deputy Prime Minister.

Senator BRANDIS—All right. And, as well, public servants like your good self, Dr Watt, no doubt are seconded to that committee?

Dr Grimes—Yes.

Dr Watt—‘Seconded’ would be the wrong word, Senator.

Senator BRANDIS—Yes, it would be actually. You are correct. ‘Co-opted’?

Dr Watt—I am not a member of the committee. From time to time, public servants are called upon to give advice.

Senator BRANDIS—All right.

Senator ROBERT RAY—And what was that advice again?

Senator BRANDIS—Now, Dr Watt, when did the instruction come to you to begin the process of identifying measures for reversal, revision or elimination?

Dr Watt—Certainly, in the early days of the new government—indeed, perhaps during the interregnum, between governments—the government indicated a desire to review measures that had been previously announced, and that is when—I do not know the exact dates.

Senator BRANDIS—No, that is fine. And were you given a hit list, as it were?

Dr Watt—No.

Senator BRANDIS—Or was it your job to come up with the hit list?

Dr Watt—One of the things that central agencies usually do is provide a great variety of options to ministers, and these are the ones ministers took out of those options.

Senator BRANDIS—All right. If my counting is correct, there are 45 measures here. How many measures, roughly, were offered to the strategic budget committee of cabinet from which to choose?

Dr Watt—We do not normally disclose the information we provide to cabinet.

Senator BRANDIS—No, I am not asking you to disclose any of the information. I can assure you that I am not going to ask you questions about which particular measures, in addition to these, were put before the strategic budget committee. But I am asking you the aggregate number of measures.

Dr Watt—Senator, that is a relevant piece of information which we would normally not disclose, and I do not know—

Senator BRANDIS—Why? It is not advice to government.

Dr Watt—It is advice to government.

Senator BRANDIS—It is merely a question as to the aggregate number of programs—

Senator Sherry—It is part of the advice to government, and I cannot recall, having sat in your position, that level of detail being provided by the previous government, and it will not be provided here.

Senator BRANDIS—Madam Chair, I suspect this is a futile exercise but, consistent with the opening statement that I understand you read out yesterday, I am going to ask you to direct that there be an answer to that question. I am not asking for the substance of any advice to government. The witness having told us that 45 was a number less than the aggregate number of items brought before the strategic budget review committee of cabinet, I am merely asking what the second number was—the aggregate number.

Senator ROBERT RAY—I am going to speak to the point of order. It seems to me that, in some circumstances, the witness could answer that question but on this occasion, if he were to do so, he would be indicating the scope and depth of the advice to the government and it does not fall within the statement that you read out. It is a grey area; there is no question about that. Seeking the date of advice, for instance, is usually allowed. You cannot seek what the advice was and what Senator Brandis is doing—cleverly though it is, I acknowledge that—gets to the scope of the advice. If the witness says 100, 200 or 300, then the follow-on question is, ‘Why did you pick the 45 rather than the 300 or 400?’ I think the witness with his experience at the table, a very experienced witness, is able to interpret—I do not believe he is trying to obfuscate here—what he thinks he can answer and what he cannot. I do not think he is defying the chair—certainly not intentionally, but not even inadvertently.

Senator BRANDIS—It seems to me, with all due respect to Senator Ray, that his objection is really an objection to a subsequent question which I might ask, and in fact which I will not ask, not an objection to the actual question I have asked. All I want is a number.

Senator ROBERT RAY—With respect, Senator, my whole case does not rest on it. Revealing the number of options put before the special budget committee—of which I am

appreciative as I now know what exists, through your good question—indicates the extent and depth of options put before government. I do not think it is permissible to be answered. Therefore it is up to the minister, if he wants to at this stage, intervene, take it on notice and take advice on it. I do not think we should put the witness at the table in a position where you claim, I know not with any maliciousness, that it is defying an order of the chair from the statement read out yesterday. I do not think that is fair.

Senator BRANDIS—The chair has not ruled. I have asked the chair to apply her opening statement in a reasonable manner.

CHAIR—On the point of order, precedent has already been set. I do not feel that that question needs to be answered but I do take Senator Ray's point that, if the minister wants to take that on notice, then that is up to him.

Senator Sherry—I am more than happy to take it on notice.

Senator BRANDIS—Let me formulate the question so that there is no confusion about it. I would like to know simply a figure: the aggregate number of measures placed for consideration—

Senator Sherry—You have been very clear, Senator Brandis. It is on the transcript.

Senator BRANDIS—In any event, from this known-unknown number, 45 programs were selected, none of which were election commitments of the Australian Labor Party. If we may assume that Mr Tanner's press release, the single-page document I have given you, was the Labor Party's expenditure reduction measures in advance of the election—

Dr Watt—That is not something I can comment on, Senator.

Senator BRANDIS—I am about to go on to ask you a question. After the winnowing down to these 45 measures, by what process were these chosen? You have told us that they were chosen by the strategic budget committee of cabinet but can you tell us please, with more particularity, the process?

Dr Watt—The strategic budget committee considered a number of options. They had before them recommendations from the three central agencies. They also had—

Senator BRANDIS—They being PM&C, DOFA—

Dr Watt—We are no longer DOFA.

Senator BRANDIS—DOFAD and Treasury.

Dr Watt—We prefer 'Finance'. They also had advice from responsible ministers.

Senator BRANDIS—For how many days did the strategic budget committee of cabinet meet to consider these matters before it?

Dr Watt—It is not usual for Finance to comment on duration or timing of cabinet meetings. It is really one you have to take up with PM&C.

Senator BRANDIS—But you know, Dr Watt; you were there. I take the view though that if a question is a proper question and a witness before the committee knows the answer, then the witness ought to answer the question, even though it would be more normal to ask it in another estimates committee, just for efficiency.

Senator ROBERT RAY—We have previously in this committee been overruled, Senator Brandis, in asking for the date of a cabinet decision—that is, the decision has been released publicly and we have sat here and asked on what date cabinet decided and it has been refused. It is totally consistent with past rulings.

Senator BRANDIS—Senator Ray, that might be so, but I am sure you criticised it at the time.

Senator ROBERT RAY—I accept that.

Senator BRANDIS—We can play the game of you saying to us that when your coalition government ministers were sitting at the table they did this and therefore we should adopt that, and I could quote your or Senator Faulkner's righteous outrage at that. But why don't we just try, in an apropos way, to apply the rules consistently.

Senator ROBERT RAY—I accept what you say about us quoting back behaviour of previous ministers and to take that with a great grain of salt—you are absolutely right to say that. What we are talking about here is the consistency of answers of public officials, not ministers. They have consistently taken that attitude over the years and I do not think they can just reverse it because you want an answer to a question.

CHAIR—At this point in time we are due to break.

Senator BRANDIS—Madam Chair, given that I have bowled up to the witnesses reasonably long tables of documents that they might want to study and I have given them fair notice that I intend to ask questions with particularity about these measures, it might be a good idea for us to pause now and I will resume after lunch.

CHAIR—That was what I was suggesting. We will break and return at 1.30.

Proceedings suspended from 12.31 pm to 1.31 pm

CHAIR—Good afternoon and welcome back. Welcome to Senator Stephens.

Senator Stephens—Thank you, Madam Chair.

CHAIR—Senator Ronaldson, are you able to continue from where we left off?

Senator RONALDSON—Yes. I extend a very warm welcome to the Parliamentary Secretary for Social Inclusion and the Voluntary Sector.

Senator Stephens—Thank you.

Senator RONALDSON—I go directly to Dr Watt in relation to advertising. Is it your intention to seek public relations consultants or advertising researchers as well as an extension or otherwise of the contracts we were talking about earlier on with—I cannot think of the name the organisation.

Dr Watt—hmm Blaze.

Mr Lewis—I think I picked up the essence of the question. We will be recompeting both those tenders later on this year. At this stage that is our role.

Dr Watt—As I understand your question, you were asking: in addition to the two tenders we will put out for advertising space, are we tendering for public relations consultants or

anything like that? The answer is no, at least not on a whole government basis. We may tender for Finance ones for our own purposes but not a whole government one.

Senator RONALDSON—What roles would they play within Finance if you were to tender those?

Dr Watt—If we ever were, the sort of thing it would be like was when we had a public relations adviser on T3—a major asset sales project done by Finance.

Mr Lewis—If we did that we would run a tender process of our own.

Dr Watt—But that is a different part of Finance.

Senator RONALDSON—And that would be on a program by program basis, wouldn't it?

Dr Watt—Just for a specific project or projects, yes.

Senator RONALDSON—Is there any advertising that you will be doing over the next calendar year that you are aware of that the department will have responsibility for?

Mr Lewis—Within Finance?

Dr Watt—Under the contract.

Mr Lewis—Certainly, in relation to job advertisements. One of the contracts is in relation to non-campaign advertising. That includes job ads. Job advertisements appear in the paper every week or two, so we would certainly be seeking those. I cannot think of any campaign advertising that the department is involved in.

Dr Watt—But what about you? Are there any that you are aware of drawing off the contracts?

Mr Lewis—There are the three that have already been released. We are not aware of any others at this stage.

Senator RONALDSON—I presume we are just taking this through on a general question basis, Madam Chair. One of the promises, from recollection—I will be no doubt pulled up very quickly if I am wrong—of the now government, previous opposition, when they were in opposition was that the department would be asked to engage the services of an independent auditor to audit the parliamentary allowances of members and senators. Is that correct?

Dr Watt—I think that is an issue you better talk to Senator Faulkner about when we get to ministerial and parliamentary services. It is his area of responsibility.

Senator ROBERT RAY—It was certainly part of our policy program for the previous election. I am not sure whether it was repeated for this one or not. Anyway, we will find out.

Dr Watt—I think that is correct, Senator Ray; you are right.

Senator ROBERT RAY—I do not think it was repeated this time, Senator, but maybe we were on the cusp of doing it at a certain stage and that is why I cannot be definitive.

Senator KEMP—You might like to take the minister's chair.

Senator ROBERT RAY—I was just trying to be helpful because the officials will not really know what Labor Party policy is.

Senator KEMP—Ursula is in the chair though, Robert.

Senator ROBERT RAY—That is true.

Senator RONALDSON—*ALP National Platform* page 181, part 43—I will get someone to check whether that was the last—

Senator ROBERT RAY—You have to read the preliminary for the *Platform*.

Senator RONALDSON—As I say, I will get someone. I am sure someone is listening now who will probably check that. Anyway, I will ask you the question. Has the department, to your knowledge, been asked to engage the services of an independent auditor?

Dr Watt—To this stage we have not been asked to engage the services of an independent auditor, no.

Senator RONALDSON—My questions are probably MOPS related. Are you still going on your questions, Senator Brandis?

Senator BRANDIS—I am still proposing to discuss the cutbacks.

Senator RONALDSON—Madam Chair, I might leave my questions there for the moment.

Senator ROBERT RAY—Can I ask: are we still on general?

Senator BRANDIS—Yes, but not for long. Parliamentary Secretary, are you aware of a joint media statement by Mr Swan, then shadow Treasurer, and Mr Tanner, then shadow finance minister, on 18 October 2007 headed ‘Labor position on the charter of budget honesty’ in which those two, then shadow, ministers said: ‘As part of a comprehensive program to improve the level of public reporting and accountability, Labor proposed amendments to the Charter Act’—that is, the Charter of Budget Honesty Act 1998—‘to permit access’—it is clear from the context that means access by the opposition—‘to Treasury and Finance resources 12 months before an election’? Are you aware of that Labor Party commitment on 18 October 2007?

Senator Stephens—Yes, I am.

Senator BRANDIS—Is that still the Labor Party’s policy?

Senator Stephens—I understand that that is an issue that is being dealt with by Minister Faulkner in his position as the Special Minister of State.

Senator BRANDIS—When you say ‘an issue’, do you mean whether or not it is still Labor Party policy, or is it still Labor Party policy?

Senator Stephens—I understand that that issue is under active consideration by the Special Minister of State.

Senator BRANDIS—Only a month before the election you announced it as policy and then you won the election. Why would it be being reconsidered? Or do you mean that the drafting of the amendments to the Charter of Budget Honesty Act 1998 to fulfil this promise to enlarge the rights of oppositions is under consideration?

Senator Stephens—This is part of a commitment by the current government to a range of electoral reforms and it is under active consideration.

Senator BRANDIS—So the Labor Party is still committed to this, is it?

Senator Stephens—I have said it is under active consideration.

Senator BRANDIS—But I am not sure what you mean by, ‘It is under active consideration.’ Is the Labor Party still committed to this promise made on 18 October last year, only five months ago, that the Charter of Budget Honesty Act 1998 is going to be amended to give oppositions 12 months access to Treasury and Finance prior to an election?

Senator Stephens—This is an issue that we discussed a lot in opposition. We asked the minister of the day about this issue quite substantially and over a long period of time, so it is not a position that we are resiling from now that we are in government.

Senator BRANDIS—That is great. Dr Watt, has the Department of Finance and Deregulation received any instruction from the government to get on with amending the Charter of Budget Honesty Act 1998 to fulfil this promise?

Dr Watt—The amendments to the charter will be considered as part of the government’s response to Operation Sunlight. That will be something that will be done over the next 12 months.

Senator BRANDIS—Operation Sunlight.

Dr Watt—Operation Sunlight is a discussion paper released by the then opposition shadow minister Mr Tanner, I think 12 or 15 months ago. It was rereleased more recently. The commitments in relation to changes to the charter were canvassed in there, or the issue about possible changes to the charter were canvassed in there.

Senator BRANDIS—I am sorry to interrupt you, but if Operation Sunlight—so named that it might shine in some of the darker corners of government no doubt—was announced 18 months ago but this commitment to amend the Charter of Budget Honesty Act was made on 18 October last year, then it has moved beyond considering the matter. This is a firm commitment, a core promise.

Dr Watt—I could not possibly comment on what is core and non-core.

Senator ROBERT RAY—We have some experts here though.

Senator BRANDIS—I assume since the now government used to mock the former Prime Minister for having made that distinction, it is a distinction that they would no longer adhere to—but I am not going to ask you to respond to political observations.

Senator ROBERT RAY—At least you are smart enough to—on a program last night.

Senator BRANDIS—Go on, Dr Watt.

Dr Watt—I think changes to the charter will be considered as part of the possible implementation of Operation Sunlight.

Senator BRANDIS—You had better get a leg on, Senator Stephens, because I see the Prime Minister is threatening a double dissolution. We could be 12 months from an election now. Surely this ought to be an urgent priority for the government.

Senator Stephens—It is under active consideration as part of the broader picture of electoral reform.

Senator BRANDIS—As part of Operation Sunlight.

Senator Stephens—As part of Operation Sunlight.

Senator BRANDIS—We saw a lot of Operation Sunlight in operation this morning with the responses to Senator Ronaldson.

Senator FIFIELD—It sounds North Korean.

Senator BRANDIS—It sounds vaguely North Korean, doesn't it, Senator Fifield?

Senator ROBERT RAY—It is better than the mushroom treatment like you gave.

Senator BRANDIS—Coming back then to the savings announced by Mr Tanner on 6 February, you are in the process of giving—at a general level in the sense of not being specific to any one of these measures but nevertheless with as much detail as you feel able to give us—a description of the process by which these decisions were arrived at.

Dr Watt—That is correct.

Senator BRANDIS—We have established that the strategic budget committee ended up signing off on these 45 programs to be chopped.

Dr Watt—That is correct.

Senator BRANDIS—And some of them were in MYEFO, some of them were in PEFO, and some of them were not.

Dr Watt—That is correct.

Senator BRANDIS—Go on.

Dr Watt—What else do you want to ask me?

Senator BRANDIS—Let me take you through it. In relation to each measure that was under consideration for termination, was the minister responsible for the program consulted?

Dr Watt—Yes.

Senator BRANDIS—In every case?

Dr Watt—As far as we are aware, yes.

Senator BRANDIS—And was the minister whose programs were under review coopted to the meeting if he was not already a member of the strategic budget committee?

Dr Watt—That is not a question for me to answer.

Senator BRANDIS—Was consideration in each case given to the effect on stakeholders of the termination or winding back of the program?

Dr Grimes—These would be matters that the government would take into account in making its decisions.

Senator BRANDIS—I am not asking whether they would take things into account; I am asking whether in each particular case they did take something into account.

Dr Grimes—I do not think I am in a position to provide further commentary than that.

Senator BRANDIS—I think perhaps the thing to do is just to go through them one by one. First item: 'Reversal of measure—Flemington Racecourse—funding for Alternative Water Strategy'. Who was the minister responsible for that program?

Dr Grimes—My understanding is that the minister responsible for that program is Senator Wong, from memory.

Senator BRANDIS—Senator Wrong?

Dr Grimes—I will have that confirmed. I will just see if I can get that confirmed now.

Senator BRANDIS—Would you please confirm that?

Dr Grimes—That is being confirmed.

Senator BRANDIS—Can I foreshadow that I will be asking similar questions in relation to each of these? Was Senator Wong consulted in advance of the decision being made on the termination of this program?

Dr Watt—No, that is something that is not for me to answer. That is a matter of consultations between government ministers; that is not something for me to answer.

Dr Grimes—I have just had confirmed a correction from one of the officers. I have been advised that it is Mr Burke.

Senator BRANDIS—Mr Burke, as minister for—

Dr Watt—Agriculture.

Senator BRANDIS—Was Mr Burke consulted before this decision was made?

Dr Watt—It is not for me to answer. I do not think that is an appropriate question for an official; it is an appropriate question for a minister and not otherwise.

Senator BRANDIS—You see, it is a process question, Dr Watt. I am not asking what Mr Burke's view was. I am not asking what was said to him or what he said. I am not asking for a description of any discussion. I am asking whether as a matter of fact this particular minister was consulted. I did not ask the general questions first for no reason. I asked a general question—that is, were the relevant ministers consulted and no objection was taken to answering that question. In fact, Mr Grimes said that they would have been in the ordinary process of government. So if it is a proper question to ask at a general level about all 45 programs, it must be a proper question to ask at a particular level about each program.

Dr Watt—I can answer your question thus: there were processes in place to allow ministers' views to be taken into consideration.

Senator BRANDIS—Pausing there, Dr Watt, what were those processes?

Dr Watt—There were processes in place to allow ministers' views to be taken into consideration. As far as I am aware, those views were sought and taken into consideration. That is about as far as I can say.

Senator BRANDIS—You have told us two things. First thing, what were the processes in place to enable the individual ministers' views to be taken into consideration?

Dr Watt—Again I do not think it is appropriate for me as a finance official to talk about cabinet processes.

Senator BRANDIS—Just a moment. You have told us that there was a process—

Dr Watt—I told you the process is in place—that is correct.

Senator BRANDIS—Then surely I am entitled to ask you what the process is without asking you—as I do not—to reveal the deliberations of cabinet or communications between ministers.

Dr Watt—There were cabinet processes; I do not think I should comment on them.

Senator BRANDIS—Were the ministers, for example, written letters to? Were they invited to review submissions? Were they rung up on the telephone?

Dr Watt—Some of those questions I could not even begin to answer.

Senator BRANDIS—Why? Because you do not know?

Dr Watt—Because I do not know.

Senator BRANDIS—So you are not objecting to the question; you are telling us that you do not know the answer.

Dr Watt—No. The first point is that some of them I cannot answer—

Senator ROBERT RAY—He was partly saying that he does not know but then overriding it with a principled position. You have to let him answer.

Dr Watt—The second point is that I do think, if you wish to talk about cabinet processes, you should consult—if any official—someone from the Department of the Prime Minister and Cabinet.

Senator BRANDIS—This is a very important issue. I am not sure how glued you are to Senate question time, but if you had been watching Senate question time last week, you would have seen a question to Senator Wong from my colleague Senator Ian Macdonald in relation to a particular cutback in the Department of Climate Change. Senator Wong was asked by Senator Ian Macdonald whether she had been consulted before this particular cutback was made. Senator Wong filibustered, as ministers sometimes do, but never for a moment did she suggest that it was not a proper question. Never for a moment did the President of the Senate suggest that it was not a proper question, nor did Senator Ray, nor the other important panjandrum in the Labor Party, who are masters of Senate practice, take a point of order as to the appropriateness of the question.

Dr Watt—What is an appropriate question for an official to answer and what is an appropriate question for a minister to answer are two different things.

Senator BRANDIS—So the relevant minister in this case is Mr Burke. Mr Grimes has told us that in relation to each of these programs the relevant minister would have been consulted. May we therefore take it that Mr Burke, in relation to this particular measure, was consulted before the strategic budget committee of cabinet decided to chop it? Was he?

Dr Watt—Let us put it this way: there were opportunities for that consultation. Can we say any more than that? I do not think we can.

Senator BRANDIS—It seems pretty simple to me, Dr Watt. If the processes, which your officer has told us are the appropriate processes, were followed in this particular case, the answer to the question would simply be yes. If there is reason to believe that the processes were not followed in relation to Mr Burke, then I think we ought to know about it.

Senator Stephens—Senator Brandis, can I suggest that perhaps that should be asked of the department head in the Rural and Regional Affairs and Transport Committee.

Senator BRANDIS—No, because this is a Finance operation. These announcements were made by the Minister for Finance and Deregulation. Senator Stephens, I know that you were not here before lunch, but we have been told that these were decisions made by the strategic Cabinet Budget Review Committee on which the Minister for Finance and Deregulation sat. Officials, including Dr Watt from the department of finance, were present to give advice, but Mr Burke was not.

Dr Watt—I would just point out to you that there are many measures in every budget—

Senator BRANDIS—I know.

Dr Watt—and the budget is announced by the Treasurer and the Minister for Finance and Deregulation jointly. Certainly you would remember in this committee in the past, we have often said that we are unable to provide details simply because it is the Treasurer or the Minister for Finance and Deregulation who does the announcing.

Senator BRANDIS—Indeed, but with respect, Senator Stephens is here representing the Minister for Finance and Deregulation. So any question that can properly be directed to the Minister for Finance and Deregulation can, in this estimates committee, certainly be directed to Senator Stephens. Dr Watt—

CHAIR—Are you now directing your question to Senator Stephens?

Senator BRANDIS—No. Madam Chair, I am sure you are aware that all questions in these estimates committees are at least nominally directed to the minister at the table, but for convenience they are directed sometimes directly to officers. But nominally, every question is a question to the minister at the table, as Senator Ray affirms. Through you, Senator Stephens, I want to know whether the portfolio minister was consulted about each of these programs. I also want to know what other processes were put in place. I will let you confer for a moment.

Senator Stephens—I have been advised that the ministers were consulted.

Senator BRANDIS—So in this particular measure you can tell us that Mr Burke was consulted?

Senator Stephens—As I understand, he was consulted.

Senator BRANDIS—Can you also tell me, in relation to this particular measure, what steps were taken to consider the impact of the decision on stakeholders?

Dr Watt—That would be a matter for the minister responsible.

Senator KEMP—So in proposing the savings to the government there was no consideration given? Quite a few of these stakeholders have presumably already committed their own money, may well have signed contracts and may well have commenced work. Was that type of advice provided to the government?

Dr Grimes—These were matters in which there were consultations with the relevant departments.

Senator KEMP—I am aware of comments, for example, that have been publicly made by the ARU, which have indicated that, as a result of this decision, this is going to be very costly to them, because of course they were relying on the fact that it was a government commitment made well before the election and had expended some funds to give effect to that. What recourse would they have?

Dr Watt—That is something I cannot comment on. That is not an issue for Finance.

Senator KEMP—It is a matter of general principle and perhaps this is more a question for Senator Stephens. It has become apparent to me from reading newspapers that significant funds have often been committed in these areas, because stakeholders have been relying on the promises of governments. Can you indicate to me what the policy of the government will be where significant funds have been expended? Will the policy of the government be to reimburse these bodies who acted in good faith on the basis that governments keep their promises and can keep their contracts?

Senator Stephens—For each of the decisions around the initial savings, my understanding is that there has been consultation by the ministers with the particular organisations around those issues—the extent to which there has been expenditure committed and how far those projects or programs have progressed in terms of planning or expenditure. Those arrangements or decisions around compensation or any other recompense are the responsibility of the minister and the department.

Senator KEMP—I am trying to penetrate this flood of words. What I take from that is that the government would like to be informed of the any costs that stakeholders have incurred as a result of these promises by the previous government in the expectation that the promises would be delivered, and that the government will consider paying compensation.

Senator Stephens—No, I did not say that.

Senator KEMP—This is actually very important, Senator Stephens, because there is a lot of money involved in this and a lot of people have relied on governments keeping promises. Where commitments have been made, they want them to be honoured. In a number of these cases they were made well before the election. People who employed consultants had started to sign contracts. So there is a significant amount of money involved. A significant number of people will be reading this *Hansard* and we would like a very clear statement from you as to what recourse they have.

Senator Stephens—As I said, the issues go to the minister's responsibilities around these particular events—the measures—and those issues will be negotiated between the ministers, the department and those stakeholders who are affected.

Senator BRANDIS—Senator Stephens, you have changed tense now. You told us in a previous answer that the stakeholders were consulted by the relevant ministers, not 'would be'. The horse has bolted—if I may use that metaphor, speaking of the Flemington Racecourse. When I asked about what process of consultation with stakeholders had been observed, you told us that the stakeholders had been consulted by the relevant minister. May I take it that means—because I cannot think of anything else it could mean—that Mr Burke, the relevant minister, consulted with the Flemington Racecourse prior to the making of this

decision so as to put himself in a position to advise the government as to the consequences of the decision to reverse the funding for its alternative water strategy? Did that happen?

Senator Stephens—I cannot tell you that that happened, because—

Senator BRANDIS—But you told us that the ministers consulted with the stakeholders.

Senator Stephens—I said that the ministers and departments have been in a process of consultation with the stakeholders.

Senator BRANDIS—That is not what you said. Perhaps you chose your words carelessly, Senator Stephens. Are you telling us now that it is not the case that the ministers consulted with the relevant stakeholders?

Senator Stephens—No, I am not telling you that that is the case.

Senator BRANDIS—Well did they or didn't they?

Senator Stephens—I am telling you that my understanding is that ministers and departments consulted stakeholders around these issues.

Senator BRANDIS—I have a bit of a fetish for precision in language. When you say 'around these issues', do you mean in advance of the making of this decision?

Senator Stephens—In relation to Senator Brandis's question, my understanding is that different ministers undertook different styles and measures of consultation. I cannot give you an explicit answer on this particular issue.

Senator BRANDIS—You will take that on notice, will you?

Senator Stephens—If you would like us to take it on notice we will pursue this and get some information.

Senator BRANDIS—You will take it on notice whether Mr Burke, as the relevant minister responsible for this decision, consulted with the stakeholders, and in particular Flemington Racecourse, so as to inform himself and the government as to the consequences of abolishing this program.

Senator ROBERT RAY—I rise on a point of order. How can the minister take that on notice?

Senator Stephens—Yes.

Senator ROBERT RAY—She is not representing the minister here. She is representing Minister Tanner here, with all due respect. It is a question you are going to have to ask—

Senator BRANDIS—Well I am going from Mr Tanner's press release, Senator Ray.

Senator ROBERT RAY—But you are asking about an exclusive action of Mr Burke that quite probably does not involve Mr Tanner at all.

Senator BRANDIS—You see what I suspect—

Senator ROBERT RAY—Yes, I know what you might suspect and I do not want to block you asking the question in the appropriate forum, but it is normally this department that would prepare an answer for the minister's clearance. You and I both know that is the way they are done, but it does not involve the minister in this department. I cannot see how we can take

that part of the question on notice. If you were asking, ‘Did Mr Burke and Mr Tanner have a conversation?’ or whatever, and it was taken on notice, of course it could be answered. But this is exclusively about actions by Mr Burke, and he is a minister in a different portfolio.

Senator BRANDIS—Madam Chair, I do not understand this to be a point of order, but nevertheless I am going to persist with this simply because every question I ask is directly in relation to decisions of government made by, among others, and announced by, Mr Tanner. We have been told by the officers that, in general, the relevant ministers would have been consulted in relation to each of these decisions. We have been told that in relation to this particular decision Mr Burke was consulted, though there seems to have been a little bit of resiling from that answer in the more recent responses. If Senator Stephens wants to take the question on notice, Mr Tanner can certainly—if the response is true that Mr Burke consulted the stakeholders then that is a matter about which the Cabinet Budget Review Committee presumably would have been told.

Senator ROBERT RAY—Further to my point of order, we have heard Senator Brandis take pride in his precision of language and he just changed the grounds. He started off by talking about consultations between the Minister for Finance and Deregulation and Mr Burke, which are within the purview of this committee—whether they get answered or not is another matter. But any activity by Mr Burke as minister in another portfolio consulting with stakeholders is really only within the knowledge of Mr Burke and that of the department.

Senator BRANDIS—No, it is not; only if it was not passed on to Mr Tanner. Given that these are decisions which Mr Burke did not make and Mr Tanner did, then that is a fair inference.

Senator ROBERT RAY—No, if there were no consultations then that is a point to be made. But you want to know whether Mr Burke consulted stakeholders. That is in another department. It is not in this department. It probably is not within the knowledge of this department and should be directed on notice in that other committee so you can get an answer.

CHAIR—My ruling is that I uphold the point of order.

Senator BRANDIS—Of course you do. You have not applied—

CHAIR—Do you have another question, Senator Brandis?

Senator BRANDIS—Yes, I have hundreds.

CHAIR—I suggest we move on.

Senator KEMP—There is a very important point here, and I do not want this to be skated over: the principle of compensation that the government is now adopting for those people whose programs were cut and who, in good faith, committed money. I think this is an issue that all these stakeholders will be looking at very carefully. Senator Stephens, I invite you to indicate the general principle that the government will adopt in relation to compensation.

Senator MURRAY—If I may rise on a point of order. I think there is a legitimate line of questioning being pursued. But the difficulty is that what might be in the knowledge of Mr Tanner will self-evidently not be in the knowledge of Senator Stephens, and I would ask—

Senator BRANDIS—That is why you take things on notice.

Senator MURRAY—Can I conclude my point of order? I would ask, if there is a failure to produce the information being pursued, that at least the question be accepted on notice.

Senator BRANDIS—I have done that, Senator Murray.

Senator MURRAY—So that if Mr Tanner is aware of these matters, he will then be able to answer.

Senator BRANDIS—That is a fair point, but I thought that is what I had done. I do not expect Senator Stephens or, for that matter, the officials necessarily to have direct knowledge of every particular matter about which I propose to ask in relation to each of these 45 programs.

Senator KEMP—Having said that, Senator Murray, we take your point of order.

CHAIR—Senator Stephens was going to respond.

Senator KEMP—The response by Senator Stephens is going to be widely read and I would very much like to hear her views so that I can refer it to stakeholders.

CHAIR—I have given her the call.

Senator Stephens—If I can respond to Senator Kemp very specifically, there is no general principle around which there are discussions in relation to these matters. Compensation has not been discussed. It is not an issue that has been raised as far as we are aware.

Senator BRANDIS—Compensation has not been discussed?

Senator KEMP—Hello!

Dr Watt—As far as we were aware.

Senator KEMP—Please, I invite you to read the comments that have been made in the newspaper on this and the complaints that people have made. Where people have committed, in good faith, often considerable sums of money, I think it is outrageous to say that the government will not consider any compensation.

Senator Stephens—As I said, there are no general principles around that issue in terms of compensation. Those issues go directly to negotiations between the minister, the department and those stakeholders, and discussions that might take place in the future.

Senator KEMP—So the government may consider compensation; is that what you are saying?

Senator Stephens—No.

Senator KEMP—You are not saying that?

Senator Stephens—No.

Senator KEMP—In that case, why on earth would there be consultations on compensation if you say the government will not even consider compensation?

Senator Stephens—Senator Kemp, I do not think I can be much clearer to you—

Senator KEMP—You can certainly be much clearer. You can be absolutely much clearer.

Senator Stephens—There are no general principles around consultation. It is a hypothetical situation.

Senator KEMP—No, it is not.

Senator BRANDIS—The Flemington Racecourse Alternative Water Strategy is not a hypothetical. They used to have one and they do not have one now because, as a result of a decision of a government which you are a member, its funding was chopped off. That is not a hypothetical.

Senator Stephens—Those issues will be dealt with by the ministers responsible.

Senator BRANDIS—If I may say, Senator Stephens, there is one thing on which you have been perfectly clear—and that is when you said there has been no consideration of compensation.

Senator Stephens—That I am aware of—that we are aware of. In those terms. That is fair enough.

Senator BRANDIS—All right.

Senator KEMP—And regardless that many hundreds of thousands of dollars may have been committed by stakeholders, this is of no concern to the government, Senator Stephens?

Senator Stephens—That is not what I said.

Senator KEMP—I am afraid that is exactly the implication of what you said.

Senator BRANDIS—That is the message we are getting.

Senator KEMP—That is exactly the message.

Senator ROBERT RAY—The judge and jury have met.

Senator BRANDIS—That is why, notwithstanding—

CHAIR—I remind my Senate colleagues, if you want the call can you at least advise me that you do? That would be most helpful.

Senator BRANDIS—I think I have the call, but of course I have been deferring to my senior colleague here.

Senator ROBERT RAY—He is about to go for his afternoon nap. Off you go.

Senator KEMP—I was going, but now I am going to stay.

Senator ROBERT RAY—No, no, it is time for your nap.

Senator BRANDIS—Senator Stephens, that is why I have been interested in exploring the question of whether there have been consultations. You and Senator Ray, your senior colleague, have cavilled at your being asked that question, because of what is assumed to be in the state of mind of Mr Tanner. But this much we know: Mr Tanner announced this decision. He announced it as a decision of a subcommittee of the cabinet in which he was a participant and in which presumably, as finance minister, he was the lead minister.

So I can at least, I am sure, even within the ambit of Senator Ray's objection, ask you this question: did Mr Burke report to Mr Tanner, or report to the strategic budget committee of cabinet on which Mr Tanner sat, the results of any consultation with stakeholders in relation to this measure concerning the Flemington Racecourse? Will you take that on notice, please.

Senator Stephens—I will take your question on notice because, of course, I am not a member of either of those committees. I cannot answer that question.

Senator BRANDIS—Of course. That is why you are taking it on notice.

Senator Stephens—And it is certainly not a question for the departmental officers to respond to.

Senator BRANDIS—Of course—well, perhaps; Dr Watt was at that meeting, I think, and perhaps he might know, but I will not press him on that. Take that question on notice, please. Will you also take on notice the question in relation to the Flemington Racecourse—I am going to give you and the minister whom you represent an opportunity to resile from the absolute terms of your earlier answer: whether, before this decision was taken, any consideration was given to compensating Flemington Racecourse for the consequences of the decision? Will you take that on notice?

Senator Stephens—I will take the question on notice.

Senator BRANDIS—Turning to the second reversal of a measure—‘Drought Package 2007—assistance to Rural Research and Development Corporations and Companies’—again, was Mr Burke the relevant minister?

Dr Grimes—I believe so.

Senator BRANDIS—Who are the relevant rural research and development corporations and companies whose assistance was cut off as a consequence of this decision?

Dr Grimes—Senator, we are getting very much into the detail—

Senator BRANDIS—Yes, we are.

Dr Grimes—of matters that are the estimates of other portfolios rather than the estimates of the department of finance.

Senator BRANDIS—This is a decision by your minister.

Dr Watt—No, it is not a decision by our minister. It is a decision by cabinet.

Senator BRANDIS—It is a decision, announced by your minister, of a subcommittee of cabinet in which he was the lead minister.

Dr Watt—That is right, but he is not the responsible minister. The responsible minister is the Minister for Agriculture, Fisheries and Forestry.

Senator BRANDIS—As Senator Fierravanti-Wells points out to me, he is responsible enough to cut their heads off but he is not responsible enough to explain it!

Dr Watt—He is no more the responsible minister than any Treasurer who has made a budget or any May statement over the last 20 or 30 years. The fact that the Treasurer brings them down does not mean he is the responsible minister for every decision.

Senator BRANDIS—Let us apply a little bit of Operation Sunlight here, Dr Watt, which you spoke of so fondly a moment ago! And bear in mind that we are in a new environment of disclosure. I want to know what consultations with what rural research and development corporations and companies—being presumably the relevant stakeholders on this occasion—were made by the relevant minister before this decision was taken.

Dr Watt—I cannot answer that question.

Senator BRANDIS—If you do not know the answer off the top of your head, take it on notice.

Dr Watt—No, I cannot answer the question, Senator. I am not part of the responsible portfolio. You would have to ask that of the agriculture portfolio.

Senator BRANDIS—All right. Let me ask you a different question. I do not accept your objection, by the way, but rather than have a prolonged argument about this let me ask you a different question. What report or information was received by your minister or by the strategic budget committee of which he was a member in relation to this decision about consultations with stakeholders?

Dr Watt—That goes to advice to cabinet and advice to decision making. I am not going to comment on that. I cannot.

Senator BRANDIS—You did not object to the very same question when it was asked of Senator Stephens in relation to the previous measure.

Dr Watt—As I said—

Senator BRANDIS—You cannot have it both ways, Dr Watt. You cannot say in the finance estimates, ‘I cannot tell you about that because it is not in my department,’ and then say when I frame the question in such a way as to locate the knowledge of your minister, ‘That is about internal discussions of government.’ Without a shadow of a doubt, with all the certainty of Operation Sunlight, we know that if this question were asked in the agriculture estimates the minister at the table would say, ‘That is a question for the finance minister.’ He made the announcement. He made the decision. Come on, Dr Watt!

Dr Watt—Senator, that seems to be rather a hypothetical assumption, if you will forgive me for saying so.

Senator BRANDIS—You have been around these estimates committees longer than I have, Dr Watt, and you know it is hardly hypothetical.

CHAIR—There is a point of order.

Senator ROBERT RAY—Senator Brandis asked his question and twice interrupted Dr Watt before he could get more than four words out. We have to listen to the answer and, of course, the next question will go to Senator Brandis. We will not interrupt his flow. But he has to actually allow Dr Watt not only to answer the question but also give a complete answer so we understand it.

CHAIR—I uphold the point of order and I would just ask for some manners to be shown so that we can get through the program.

Dr Watt—I would like to make two further points, Senator. I do not think there has ever been a tradition of this committee saying to a finance minister, ‘You have to answer all the details of every question in the budget,’ any more than other announcements of budget measures. There is a legitimate difference between what Finance does and what others do. Perhaps more to the point though, each agency and department has lodged portfolio additional estimate statements. They are the basis for the discussions of estimates committees. I would

assume that there would be some detail on these measures in the Agriculture, Fisheries and Forestry portfolio additional estimates statement.

Senator BRANDIS—As you and I both know, Dr Watt, there will be no information in the additional estimates portfolio budget statements that will inform me about consultation with stakeholders in advance of this measure so that the government could put itself in a position of knowing what the impact on the stakeholders will be.

Dr Watt—But the fact that the measure is lodged in the agriculture portfolio additional estimates statement seems to me to suggest that that is the logical place to discuss the measure.

Senator BRANDIS—That might be what you think, Dr Watt. But the fact is—as you have already told us—this was a decision in which your minister participated, which is uncontroversial. Your minister announced this decision on behalf of the government. It was one in which the relevant portfolio minister, Mr Burke, was not even involved in the final decision. I am asking your minister, through Senator Stephens.

Senator COLBECK—Dr Watt, did Mr Tanner seek any advice as to the potential for claims for compensation as part of these measures from the department of finance?

Dr Watt—We do not normally comment on the advice we give, Senator. You know that.

Senator COLBECK—No, I am just saying: did he ask? I do not want to know about the advice or what the advice said; I am just asking: did he ask for advice?

Dr Watt—I do not think I can comment on what the minister might or might not have asked for. We can take it on notice.

Senator COLBECK—If you would take it on notice, please, because I think it is a relevant question, given the range of issues that were raised. I want to raise an issue with Senator Stephens in respect of her answer previously. In no way am I criticising Senator Stephens, because it may be that she is not aware of the measures, but would there not be a capacity for any of these people who have grants to make claims under the act of grace and debt waiver provisions for costs or losses as a result of this process?

Dr Watt—I do not know the answer to that question. It is something I would have to take on notice.

Senator COLBECK—There are principles that are laid down. That is the reference that I make with respect to Senator Stephens. I make no criticism of her for not knowing that they exist. But my recollection of at least one of them is that, where there is a moral obligation on behalf of the government, it is an area under which a claim can be made. I would have thought that. Could you possibly look for the principles which are set down in the department of finance guidelines for act of grace and debt waiver claimants? Provide those to the committee relatively soon, if you could, so that we can have a look at those.

I would have thought that it would be pertinent, given the magnitude of these particular items and the fact that for some of them the commitments had been made a considerable time prior to the election—some of them going back to June; sorry, July; I think that is correct—that the recipients could have reasonably expected that they would be receiving the funds and would have made arrangements and incurred expenses. My understanding of the act of grace

and debt waiver provisions would be that they could very much be an avenue for the recipients of these grants to make claims, if not through the agencies then through the CDDA provisions—which stands for Compensation for Detriment caused by Defective Administration.

Dr Watt—It is my understanding—and we could take something like that on notice—that, as you also would be aware, the first port of call is the agencies, not the debt waiver or act of grace payments.

Senator BRANDIS—Let us press on. You know what I want to know. I want to know what steps were taken to ensure that the minister—your minister, Dr Watt—and the cabinet subcommittee in which he was the lead minister were aware of the impact of these decisions on the stakeholders; that is, the rural research and development corporations and companies. We know from Dr Grimes's earlier answer that the relevant minister would have been consulted—in this case, you have told us, that is Mr Burke. I just want to know what Mr Tanner was told. I do not want to know the detail; I just want to satisfy myself that when the cabinet subcommittee made these decisions they turned their minds, in an informed way, to the consequences for the victims of the decision. Is that clear enough? There is a peculiarity, though, about this—

Dr Watt—I am not sure what question you are asking me, Senator.

Senator BRANDIS—Well, let me put it again.

Senator RONALDSON—I raise a point of order, Madam Chair. Is Senator Stephens leaving the table?

Senator Stephens—Yes.

Senator RONALDSON—That is a pity, because at least we are getting some answers from you. We certainly were not from Senator Sherry this morning. It is a bit of a disappointment, I have to say.

CHAIR—There is no point of order. We welcome Senator Sherry back to the table.

Senator Sherry—Thank you, Chair, and thank you to Senator Stephens. My other commitments have been cancelled, so I am available.

CHAIR—Welcome back.

Senator BRANDIS—Dr Watt, before I repute the question, let me invite Senator Sherry to tell us whether it is also his understanding, as it was Senator Stephens's understanding, that before these decisions to cut back or eliminate these 45 programs were taken there was no consideration of compensation to the victims of the decisions.

Senator Sherry—My understanding is that the decisions were taken by the strategic budget committee. You are going through each of these measures, as I understand.

Senator BRANDIS—I am.

Senator Sherry—If you wish to go to these measures and the issues that pertain to them individually, I suggest you go to the relevant department.

Senator BRANDIS—I am going to the finance department because this is a finance department decision.

Senator Sherry—It is not the Department of Finance and Deregulation.

Senator ROBERT RAY—Absolutely. This is ridiculous.

Senator BRANDIS—This is a finance department decision, Senator Sherry. We have already been told by Dr Grimes.

Dr Watt—Senator, it is certainly not a finance department decision. I can guarantee you that.

Senator BRANDIS—Well, it is an announcement by the Minister for Finance and Deregulation. It is a decision of a cabinet subcommittee in which we have agreed that the Minister for Finance and Deregulation was the lead minister. I think we are sufficiently close to the department of finance, Dr Watt, for these questions to be relevant here.

Senator RONALDSON—Hear, hear!

Senator Sherry—I will determine what the response will be in the context of the Department of Finance and Deregulation's responsibilities. Let us proceed with the questions, and we will see how we go.

Senator BRANDIS—I have no doubt, Senator Sherry, that there will be a maximum of obfuscation and nonanswering of these questions that you have taken on notice, because although your government promised a new environment of accountability and transparency, and although we have heard about Operation Sunlight—that is Orwellian, isn't it—

Senator FIERRAVANTI-WELLS—Senator Brandis is trying to keep a straight face.

Senator BRANDIS—we know from your early form in this parliament that there is absolutely no relationship between the rhetoric and the practice.

Senator ROBERT RAY—Is there a question there?

CHAIR—Senator Brandis, is there a question?

Senator BRANDIS—Dr Watt, you said you were not clear what the question was, so let me rephrase it: in relation to the second of these two measures, the drought package—which, of course, is a very important measure for people in rural Australia—what steps were taken by your minister to ensure that there had been consultation with the stakeholders when these decisions were considered by the cabinet subcommittee in which he participated? That is the question. I assume you are taking that on notice.

Senator Sherry—Yes, we will, because the secretary is not able to explain and outline the decisions taken by the four members of the strategic budget committee; in this case, particularly the Minister for Finance and Deregulation.

Senator BRANDIS—I am not asking about the decision. We know what the decision was.

Senator Sherry—I will be happy to take it on notice and refer your question to the Minister for Finance and Deregulation, and he will respond in due course as to the considerations that he and the strategic budget committee took into account.

Senator BRANDIS—I am not asking about the considerations that he and the strategic budget committee took into account. Every single one of my questions is a question about process and every single one of my questions is a question about events which either did or did not occur prior to the meeting of the strategic budget committee of cabinet. I am not going to allow you, or the minister whom you represent, to try in a slippery way to say this is a question about the deliberations of cabinet or a cabinet committee. I want to know what steps the minister took to inform himself about the effect on stakeholders before this decision was made.

Senator Sherry—I was about to add, any matters relating to the department giving advice to the Minister for Finance and Deregulation on the issues you have been raising go to giving advice—

Senator BRANDIS—No, I am not asking about advice either. I am asking about what steps were taken.

Senator Sherry—Can I finish?

Senator ROBERT RAY—No, let him interrupt. He does that all the time.

Senator Sherry—It is your time. Of course, if you want to embellish your question—

Senator BRANDIS—I have put the question three or four times.

Senator Sherry—with a three or four minute introduction and a considerable amount of rhetoric, you are welcome to.

Senator BRANDIS—No rhetoric. You never get any rhetoric from me.

Senator ROBERT RAY—Do not be vulgar. Wash your mouth out!

Senator Sherry—As I was saying, it constitutes advice. As a matter of courtesy, I will refer your question and like questions which I am sure are to come—and which might take many hours, but that is what I am here for; that is part of the process of accountability—to the Minister for Finance and Deregulation and any like questions that flow our way. It is your time.

Senator BRANDIS—Minister, let me make it perfectly clear, I am not asking about the deliberations of the cabinet subcommittee. Nor am I asking about advice. I am asking about what steps your minister took to inform himself about the consequences for, or the impact upon, the stakeholders of this decision. To give you a hypothetical example, an answer like, ‘The minister had a discussion with the stakeholders to inform himself,’ on such and such a day, would be a responsive answer to my question. I am not asking about advice, and you know that. I am not asking about cabinet deliberations, and you know that too. I just want to be satisfied that the cabinet had gone to the trouble of taking steps to consider what the impact upon people would be—particularly the drought assistance program, where people who were dependent upon this program had the rug pulled from underneath them.

Senator WATSON—It is shocking.

Senator BRANDIS—Yes, it is shocking, Senator Watson. It is absolutely disgraceful.

Dr Watt—At the risk of commenting on specific issues, which I do not think I am able to, on this occasion I think I can.

Senator BRANDIS—You are going to take me to footnote 1, aren't you, Dr Watt?

Dr Watt—I think I am going to take you footnote 1.

Senator BRANDIS—I was about to take you to footnote 1, because my next question was going to be about footnote 1.

Dr Watt—Because that is on the piece of paper there. I am just trying to help.

Senator Sherry—Is there a question yet? You have given a couple of minutes of introduction, but are we getting to a question?

Senator BRANDIS—If you would stop interrupting, Senator Sherry—

CHAIR—Senator Brandis, are you coming to your question?

Senator Sherry—According to your accusation, I was not responding enough to be interrupting.

Senator BRANDIS—The second of these measures is a little different from those of them because, as we read from footnote 1:

The savings recognised that additional funding for Rural Research and Development Corporations and Companies will be available under the Government's proposed Climate Change and Productivity Research Program (\$15.0 million—

So in this particular case, unusually in this list, there is in fact a new program which will fund similar activities. Is that right?

Dr Watt—That is my understanding.

Senator BRANDIS—And that is a \$15 million program. So this, in fact, is not a \$10 million saving; it is a \$5 million expenditure.

Dr Watt—It has two sides.

Senator RONALDSON—Ha, ha!

Senator BRANDIS—Dr Watt, let the record show that even you are laughing!

Dr Watt—I suspect—and I do not pretend to know the answer to this, but it can be checked and we can see whether we can get you an answer—that the \$15 million was already included in the budget estimates.

Senator BRANDIS—Would you be good enough to check that for me?

Dr Grimes—The \$15 million, as the footnote indicates, is a proposal of the government's that was one of the election commitments that the government made prior to the election.

Senator BRANDIS—Coming to the third item, 'Reversal of ... Budget measure—Workplace Relations Reform—additional resourcing for Human Rights and Equal Opportunity Commission' of \$5.9 million. The relevant minister was the Attorney-General—is that right? He is the minister responsible for the Human Rights and Equal Opportunity Commission, I think I can confidently say.

Senator Sherry—Correct.

Senator BRANDIS—He was not a participant in the strategic budget cabinet subcommittee, of course, was he?

Senator Sherry—He was not as a matter of fact, but if you have any questions as to detail I suggest you ask them at the appropriate estimates, which is not here obviously.

Senator BRANDIS—No, I will ask the questions I propose to ask.

Senator Sherry—Yes, and you will get the answer I have just given you. I am just trying to assist you as to the appropriate places to which you can direct your questions.

Senator BRANDIS—I am grateful to you, but I am not going to call upon your assistance, thank you very much. Did Mr Tanner, either directly or through the Attorney-General, the responsible minister, consult the Human Rights and Equal Opportunity Commission in advance of this decision being made?

Senator Sherry—I will take that on notice. I will, as a matter of courtesy, ask the finance minister whether he in fact did consult in the way you have asked and we will take it on notice.

Senator BRANDIS—Thank you. The next one: ‘Australia Connected—establishment of BroadbandNOW’. That is another reversal of measure. Am I right in thinking that Senator Conroy was the relevant minister?

Dr Watt—Correct.

Senator BRANDIS—Dr Watt, who were the stakeholders directly affected by this decision?

Dr Watt—That is something you would have to ask the relevant portfolio.

Senator BRANDIS—What steps did Mr Tanner take before bringing this measure to the strategic budget review committee of cabinet to determine the effect or the impact of this measure on the relevant stakeholders?

Senator Sherry—Again, I will take that question on notice and refer it to Mr Tanner, the finance minister, for a response.

Senator BRANDIS—The next one: Reversal of measure—Chamber Music Australia contribution’. That presumably was a contribution the Commonwealth was going to make to that particular arts organisation. Mr Garrett was the responsible minister, the Minister for the Arts? Is that right?

Senator Sherry—Yes, I think that is a reasonable assumption. It is in his area.

Senator BRANDIS—He was not a member of the strategic budget review committee, was he?

Senator Sherry—Correct.

Senator BRANDIS—What steps did Mr Tanner take to consider the impact upon Chamber Music Australia of having this \$100,000 government subsidy withdrawn before recommending to the strategic budget review of cabinet that it should be withdrawn?

Senator Sherry—Again I will take that on notice as a matter of courtesy and refer it to the Minister for Finance, Mr Tanner, for a response.

Senator BRANDIS—Was Chamber Music Australia consulted either by or on behalf of Mr Tanner?

Senator Sherry—Again I will take that on notice for a response from the finance minister, Mr Tanner.

Senator BRANDIS—The next one: Reversal of measure—Centrelink—further call centre supplementation'. Which call centres are we dealing with here?

Senator Sherry—Again, if you have specific questions in detail as to the impact, they should go to the appropriate department and the appropriate Senate estimates committee. But I am more than willing to assist you by taking your questions on notice and passing them on to the Minister for Finance, Mr Tanner, who can provide the appropriate response. One thing you do have to learn, Senator Brandis, is to ask your questions in the correct estimates—

Senator BRANDIS—I have asked this in the correct estimates, Senator Sherry. This is the correct—

Senator Sherry—Can I finish my answer, Chair?

CHAIR—Senator Sherry is trying to answer the question.

Senator BRANDIS—No, he is not trying to answer it. He is trying to engage in political—

CHAIR—If you ask a question then you should have the common courtesy to listen to the answer. If you do not like it, you can rephrase your question.

Senator BRANDIS—Madam Chair, we know that you will always uphold a Labor Party senator; we know that.

Senator Sherry—As I found over approximately 11½ years of asking questions as to specific portfolios outside the Department of Finance to the Department of Finance in estimates, they were referred to the specific portfolio and relevant estimate areas. That is a longstanding practice and I intend to continue that. Hence, I will refer your question to the Minister for Finance or invite you, if the estimates committees are still to meet in the particular areas you are questioning about, to refer your questions to those specific portfolio and appropriate estimate areas.

Senator BRANDIS—Please do not argue the point. You have made the point. I understand perfectly what you are saying and I do not agree with it, but please do not use up the opposition's time by reiterating a point you have made ad nauseam.

Senator Sherry—If you continue to ask a question, I will continue to give an appropriate answer. So long as you continue to pose a question that is thematically repetitive, I will give thematically the same response.

Senator BRANDIS—I am asking a question about a decision announced by the Minister for Finance, made by a cabinet subcommittee in which it has been agreed he was the lead minister.

Dr Watt—Pardon me, Senator. I do not think anyone has agreed that the Minister for Finance was the lead minister on that committee. I do not think that is something any of us can agree. It is a matter for the committee itself.

Senator BRANDIS—This is a costcutting exercise, Dr Watt. I know enough about the way the Department of Finance operates to know that the finance minister is always the lead minister in a razor gang exercise. Would you kindly ask Mr Tanner, who announced and

participated in the making of this decision, whether the relevant call centres were call centres—

Senator WATSON—Senator Sherry knows the answer.

Senator BRANDIS—If Senator Sherry knows the answer, he will not have to take it on notice, Senator Watson, but just you watch. Were the relevant call centres under consideration by the cabinet subcommittee, in which the minister whom you represent participated, call centres in Launceston or Hobart or Townsville?

Senator Sherry—I am not sure whether you were here at the commencement of estimates this morning, but at least in one area—I think it was Senator Colbeck who raised the specific issue—

Dr Watt—Senator Barnett.

Senator Sherry—Sorry, Senator Barnett. The matter of the issue impacts of individual measures that were considered by the strategic budget committee I will take on notice and seek an answer from the finance minister, Mr Tanner.

Senator WATSON—Given your interest in finance and Treasury responsibilities, you were not aware that part of that \$5.1 million affected your home state of Tasmania, particularly Launceston and also the Centrelink office in Hobart?

Senator Sherry—I am aware of the issue that Senator Barnett raised when he commenced these estimates this morning. To that extent I am aware of the issue. Secondly, given the media coverage, obviously as a Tasmanian senator I would be aware of that and I do acknowledge that. In these estimates, Senator Watson, as has been practised certainly over the last 11¾ years when I have been in the position you are in now, when questioning about the impacts or decisions involving a specific budget measure in another portfolio area and usually in another estimates committee, it has been appropriate to either refer the senator on to the other portfolio area and the other estimates committee and/or to refer the matter specifically to the Minister for Finance. That occurred, and you are well aware of that because you have sat in these estimates from a government perspective. Therefore, you should ask your detailed question about the impact in the appropriate estimates. Secondly, as a matter of courtesy to the committee, I will also take your questions on notice and refer them on to the Minister for Finance, Mr Tanner.

Senator BRANDIS—Senator Sherry, I do not know whether you are conscious of this or not, but you are echoing former Prime Minister Keating's infamous remark that question time is a courtesy vouchsafed by the executive government to the parliament. I appreciate your courtesy, but it is not a courtesy to the committee; it is the fulfilment of the government's obligation to be accountable to the Senate that you take these questions on notice.

Senator WATSON—Thank you—

Senator Sherry—Can I respond to the question?

CHAIR—Senator Sherry, I think there was a question there.

Senator Sherry—In terms of maximising information and being able to provide information, as this government wants to do, the appropriate place to ask detailed questions

about particular portfolio revisions, impacts et cetera is in those particular portfolio areas. That is where you will gather the detail you are seeking. You will not gather that from the Department of Finance. They have a role in the strategic budget committee process—

Senator BRANDIS—Madam Chair, I have a point of order.

Senator Sherry—therefore—

Senator BRANDIS—Excuse me, Senator Sherry; I have a point of order.

CHAIR—There has been a point of order. Senator Brandis.

Senator BRANDIS—Madam Chair, as we all know, this committee finishes at 11 o'clock tonight. As we all know, these estimates committees are primarily a forum for the opposition and minor parties, a point which Senator Ray and Senator Sherry and Senator Faulkner have for many years been at pains to remind us. Senator Sherry has stated the basis upon which he considers these questions might be asked in another estimates committee. Nevertheless these questions are going to be asked in this estimates committee because, in my view, because they are questions directed to what the Minister for Finance did and what steps he took, they must be asked of the minister representing him. Be that as it may, and allowing for the fact that Senator Sherry places on the public record a different view, I must ask you, Madam Chair, to ask Senator Sherry not to reiterate at great length the same point he has already perfectly well made on the public record, because by my calculation Senator Sherry's repeated explanation of the reason why he is taking these questions on notice is taking up most of our time.

CHAIR—Did you want to speak on the point of order, Senator Watson?

Senator WATSON—No.

CHAIR—In terms of the point of order—

Senator FIFIELD—I think, Chair, it is clearly what has been taught at minister school run by Senator Faulkner: to give these repetitive and constant answers which add nothing.

CHAIR—I do not think there is a point of order. I think, if we are going to be fair about this, we could be here arguing the same questions—one at least was asked 13 or 14 times. I cannot direct the senator on how to respond. Senator Sherry, you have the call.

Senator Sherry—Is there a further question?

Senator BRANDIS—Yes, there is. Senator Watson has a question.

Senator Sherry—I am happy to assist where this estimates committee can.

Senator WATSON—With respect, Senator Sherry, my question was not about the impact in respect of various call centres but merely the identification of where the cuts occurred. I was asking you whether that \$5.1 million affected call centres in Launceston, Hobart or Townsville.

Senator Sherry—The issues you raise are a matter for Centrelink.

Senator RONALDSON—Round and round and round we go.

Senator Sherry—Can I finish my answer?

Senator RONALDSON—I think Operation Sunlight just went under a very dark cloud.

CHAIR—Order! It was only a few moments ago when I was being lectured about the time that was supposedly being wasted. If you ask a question, then I would suggest that you allow Senator Sherry to respond and that way we may continue through the agenda.

Senator WATSON—The identification.

Senator Sherry—Thank you, Chair. Senator Watson, you have asked a question and I intend to answer.

Senator WATSON—Good. Thank you.

Senator Sherry—When the strategic budget committee meets and we have a series of savings decisions made, it is up to the appropriate department to examine the details of implementation; hence I am not aware whether the estimates is still open in this particular area. It is, I am told. So I could suggest respectfully to you that, if you want the detailed response you seek, that is the appropriate place—

Senator WATSON—I do not want a detailed response; I just want—

Senator Sherry—The matter of detail you are going to—

Senator FIERRAVANTI-WELLS—Just a yes or a no, Senator Sherry.

Senator Sherry—If you ask the question, I will answer it in my own way, at my own pace, in my own time and in my own tone.

Senator RONALDSON—As you were taught at—

Senator BRANDIS—The occupants usually behave like this in the last year, not in the first fortnight.

Senator Sherry—You will find that I am very consistent, just as your ministers were very consistent when they were in government, on this matter.

Senator BRANDIS—But we have been told that the whole point of Operation Sunlight was to usher in a new dawn of transparency, so I do not think you can rely upon the practice of former ministers which you were foremost in condemning.

Senator Sherry—Can I answer?

CHAIR—Senator Sherry, you have the call. I remind people that if you ask a question, you have to be prepared to listen to the answer. Senator Sherry, please continue.

Senator RONALDSON—Senator Sherry, can I just—

Senator Sherry—I do not have anything further to add to Senator Watson's—

Senator BRANDIS—At last, an answer—hallelujah!

Senator Sherry—I am trying to assist Senator Watson and I realise the importance of estimates. Asking questions at the appropriate estimates assists in the maximisation of information gathering and scrutiny of—

Senator RONALDSON—Finance knows exactly—

Senator Sherry—As I have indicated—

Senator FIFIELD—Very slowly and carefully modulated.

Senator Sherry—At least I am not laughing and giggling and ranting and raving—

Senator RONALDSON—Quite frankly, the previous system—

Senator Sherry—with the questions that are being posed so far in estimates today.

Senator BRANDIS—Are you taught at ministers' school to speak very slowly to use up the opposition's time so that the clock ticks down to 11 o'clock?

Senator FIFIELD—But they are taught not to bite.

Senator Sherry—I have to say from a—

CHAIR—Can I remind the committee that a little while ago there was concern raised about how quickly or how slowly we were proceeding through the agenda. We have a lot of business to go through tonight. I remind senators that, if you ask a question, it is up to those answering to answer in their own way and I would remind you to pay some common courtesy. Thank you. Senator Sherry.

Senator BRANDIS—Madam Chair, point of order.

Senator Sherry—I am awaiting the next question, Chair. I am happy to take the next question.

Senator RONALDSON—Will you answer this one?

Senator Sherry—I have given my answer.

CHAIR—Senator Brandis, point of order?

Senator BRANDIS—It is not a—

Senator RONALDSON—You have not.

Senator Sherry—It may not be an answer that satisfies you. I have given an answer and I am waiting for the next question.

Senator RONALDSON—Dr Watt knows exactly what the answer is to this question.

CHAIR—Senator Sherry, there is a point of order before the chair.

Senator Sherry—Thank you, Chair.

Senator BRANDIS—Point of order: it is not for ministers to answer the question in any way they please. It is for ministers to answer the question consistent with the standing orders and it is for you to enforce the standing orders and the Senate's procedural rules. When I was chairing these estimates committees senators will remember that I required proper answers from then coalition government ministers when the issue was disputed and I thought opposition senators had a fair point. We are entitled to expect no less partisanship from you.

Senator RONALDSON—You were brutal.

CHAIR—I am in the chair and I have directed Senator Sherry to respond. I cannot direct him how to answer.

Senator MURRAY—On the point of order: I do recall Senator Brandis's chairing and he was very vigorous sometimes in calling up senators who interrupted when somebody was giving an answer or who engaged in cross-chat with their colleagues or who failed to allow

the witnesses to answer their questions in full. So I must agree that the rulings that he gave on those occasions should be followed by all senators, whether they are former chairmen or not.

Senator RONALDSON—And his instructions—you might want to add on to that as well.

CHAIR—Senator Ronaldson, do you have the call?

Senator RONALDSON—I do have a question.

Senator Sherry—A further question.

Senator RONALDSON—In the *Australian Financial Review* of 22 November—I am sure this has not been repeated at ministerial school—it was reported that the Rudd government would restore the powers of the Senate and that Senate committees particularly would be—and I quote from your Prime Minister—‘a robust review mechanism’. I put it to you today, Minister, that your behaviour, your refusal to answer simple questions, your insistence on referring matters, which are quite clearly within Finance, off to other departments means that this notion of a robust review mechanism is a complete and utter joke. I suspect what is happening is that you have all got together and you are going round and round and round and you are just referring this off to others, as we saw yesterday in relation to the question of government advertising: ‘No, that is a finance matter.’ I would like to see how many responses in other committees have been, ‘This is a Finance matter and I can’t answer it.’ I suspect there will be a lot going backwards and forwards. If you view this as a robust review mechanism, then again this notion of transparency of this government is complete and utter fraud.

CHAIR—Is there a question?

Senator BRANDIS—I have a question, Madam Chair.

Senator Sherry—Chair, can I respond to the question?

Senator RONALDSON—No.

Senator Sherry—It was a question.

Senator RONALDSON—There was not a question. It was an observation I made.

Senator Sherry—I would like to respond as the minister. I sat in on the Senate Standing Committee on Rural and Regional Affairs and Transport estimates all day yesterday, and some of the issues that have been touched on here today—drought funding, for example—were raised in detail in those estimates. I have to say that, on any considered view of the responses from me or the departmental officials—and I was there—detailed responses were given because that was the appropriate place in which to pose those questions, Senator Ronaldson. I wish to help you; I wish to assist you. The departmental officials from Finance in the past and now, today, are unable to go into the details of specific measures. That is why I have drawn your attention to the approach in the estimates of yesterday, which I think was very useful in terms of information gathering. I do not know whether you coordinate with the colleagues that were there yesterday—

Senator BRANDIS—Point of order, Madam Chair. This is plainly obfuscation, and you can see that as well as anyone.

Senator RONALDSON—Were there any matters referred to Finance yesterday?

Senator Sherry—I will have to check the record on that.

Senator RONALDSON—I bet you will.

Senator Sherry—No, there may have been one or two, but it was a very small minority, if it occurred at all. To conclude my answer, Chair, to Senator Ronaldson's question, the issues that were posed, the questions that were raised yesterday in estimates in the rural and regional area about drought funding, which is on this list, were answered in a detailed and considered way. I do not know whether you have had a training school or not, but it is a matter of posing questions at the appropriate estimates committee to gather the information.

Senator BRANDIS—Senator Sherry, you are blathering on. I would like to get on with my questions, please. Returning to the announcement by the minister whom you represent of the decision in which he participated, the seventh item on his list is another reversal of a measure, the Commonwealth's contribution to the Rugby League Hall of Fame. I would like to know, please: what steps were taken by or on behalf of your minister to inform himself of the impact upon the relevant stakeholders of this measure before the decision to withdraw the Commonwealth's contribution was made?

Senator Sherry—In order to assist the committee in terms of its timing—I understand your concern about timing—I will take it on notice.

Senator BRANDIS—In relation to the next matter—the Australian National Rugby Academy reversal of a measure announced by the Prime Minister, I recall, on 30 June last year to contribute \$25 million to the establishment of the Australian National Rugby Academy at Ballimore—can I ask what steps were taken by or on behalf of your minister to inform himself and to ensure that the strategic budget review of cabinet was informed of the impact on Australian Rugby Union of that decision?

Senator Sherry—I will take that on notice.

Senator BRANDIS—Was your minister, in this particular instance, aware of the fact that, by the time the decision was announced and on the faith of the former Prime Minister's commitment not in an election context on behalf of the previous government, the Australian Rugby Union had entered into contracts with professional firms to the value of some hundreds of thousands of dollars and, as a result of the withdrawal of Commonwealth support, is potentially exposed to a liability? Was your minister aware of that at the time he took this decision to cabinet?

Senator Sherry—Again, the detailed consideration of this particular item would be best addressed in the particular portfolio area, because they would be able to respond. As to the type of detail that you are seeking—and I want to be of assistance to you—I suggest that that is asked in another department, another estimates area. But I am willing to—

Senator BRANDIS—Are you taking it on notice?

Senator KEMP—Madam Chair, I wonder if I could just make a comment.

Senator BRANDIS—Before you do, Senator Kemp, you know, don't you, Senator Sherry, because you are making a solemn farce of these proceedings, that if I asked any other minister in any other estimates what the minister for finance knew, they would of course say to me, 'You should ask the minister for finance or his representative in the finance estimates.' My

question specifically is, as you know, about what the minister for finance knew, and your attempt solemnly to pretend that it is about anything other than what the minister for finance knew is intellectually dishonest, Senator Sherry. You should be ashamed of yourself.

Senator KEMP—Can I just make a point. It was blatantly obvious that these questions were going to be asked at these particular estimates. There has been a lot of press on the matter that Senator Brandis has raised. Departments would have provided an extensive brief on this issue. I have been at the table. I know exactly what departments do. George Brandis would know exactly what departments do. They would say, ‘This is a hot issue; this is going to come up at these estimates.’ What we see is Senator Sherry coming up, constantly taking the most obvious issues on notice. It is unbelievable. I suspect in those folders there before him there is a full briefing note on this particular issue. What we are seeing is a strategy which has been developed probably by Senator Ray or someone to actually prevent proper information being given to this particular committee. I do support what Senator Brandis says; it is absolutely appalling, particularly with a government that constantly talks about being more open and transparent.

Senator BRANDIS—As I said before, Senator Kemp, this is what sometimes governments have fallen into—

Senator ROBERT RAY—I move that we go into private session and adjourn the committee for five minutes. You are having a discussion here about the procedure of the committee. It is not questions to the minister. If you want to have a discussion about procedure—

CHAIR—We will suspend—

Senator ROBERT RAY—We might be able to sort out some times at least. I have to say to you that I have been watching this on TV for the last 15 minutes and you are not being advantaged, Senator Brandis, by the way it is going; you are not. No-one can follow it.

CHAIR—We will suspend the hearing for five minutes, please.

Proceedings suspended from 3.00 pm to 3.11 pm

Senator BRANDIS—Finally, on the Australian National Rugby Academy at Ballymore, was Mr Tanner aware, at the time this decision was made, of the contractual obligations that the Australian Rugby Union had undertaken and the liability to which it was exposed in the event of the non-fulfilment of those obligations, on the faith of the promise made on 30 June by the previous government?

Senator Sherry—I will ask the departmental officials whether they have any information on this matter—if they are aware of anything.

Senator BRANDIS—You will take that on notice?

Senator Sherry—I am happy to seek further information. I am just cognisant of the significant number of issues that I am taking on notice. It is not my preferred approach, I have to say.

Senator BRANDIS—That is fine.

Senator Sherry—The difficulty is that we really do not have briefs on the particular issues, because they are in other departments and other estimates.

Senator BRANDIS—That is why you take things on notice and I am not objecting to you taking that course. I am not objecting to you taking that course, but as I said earlier—let me make it even more abundantly clear—I am not asking for deliberations of the cabinet subcommittee. I am not asking for information about advice to ministers. I am not asking about things that are beyond the knowledge of the minister whom you represent. I am asking about process. What steps, in advance of the making of these decisions that impinged on the interests of the stakeholders, were taken by or on his behalf to ensure that those who made the decisions were aware of those impacts?

Senator Sherry—The issue of process and the detail of each of these does go to the detailed consideration of each of these measures. As I said, the department does not have briefs. If there is a brief, it would go to the particular estimates ministerial portfolio area where the particular program is located. I would like to assist you more, but that has been the approach in the past and that is the information we have here to present today.

Senator BRANDIS—I will skip over the next one because there are no expenditure implications. The next reversal of measure was the Growing Regions program. Who was the minister responsible for that program?

Dr Watt—Minister Albanese.

Senator BRANDIS—Did Mr Tanner or his department consult Minister Albanese before this decision was made?

Senator Sherry—I will check with the minister.

Senator BRANDIS—What steps were taken by Mr Tanner before the decision was made to inform him and those who made the decision of the impact of that decision upon relevant stakeholders?

Senator Sherry—Again, I will check with the minister.

Senator BRANDIS—I will move on to:

Reversal of measure—Regional maritime security capacity-building

Who was the relevant minister there?

Senator Sherry—Again, Minister Albanese.

Senator BRANDIS—I ask the same two questions.

Senator Sherry—I give the same answers. I will check with the minister.

Senator BRANDIS—For the Innovation Ambassador program, who was the relevant minister?

Senator Sherry—It would be Senator Carr.

Senator BRANDIS—He was not a participant in the strategic budget committee, was he?

Senator Sherry—Correct.

Senator BRANDIS—I ask the same two questions. I do not need to restate them, do I?

Senator Sherry—No. I will refer them.

Senator BRANDIS—I move on to:

Reversal of measure—Research Vessel Southern Surveyor

Who was the minister?

Senator Sherry—Senator Carr again.

Senator BRANDIS—I ask the same two questions about advance consultation with him and steps taken to assess the effect on stakeholders.

Senator Sherry—Yes. I will look at that, Senator Brandis.

Senator BRANDIS—The next decision relates to:

General Employee Entitlements and Redundancy Scheme

Senator Sherry—That was the Deputy Prime Minister.

Senator BRANDIS—Can you explain footnote 2 to me, please, Dr Watt? It is not clear to me what that means.

Dr Grimes—From memory, the footnote is referring to the fact that there will be sufficient funding to complete the current cases that are underway at the moment.

Senator BRANDIS—So is this not a change to the bottom line?

Dr Grimes—It is a change. It is a measure, because without the savings measure there would have been further expenditure.

Senator BRANDIS—I see. So this is actually \$8 million in estimated real savings.

Dr Watt—That is correct.

Senator BRANDIS—Then I ask the same two questions.

Dr Watt—As Dr Grimes says, the difference is that there are projects under way and they will be finished before the savings are taken.

Senator BRANDIS—In this particular case, of course, among the stakeholders the most obvious would be the liquidators themselves.

Dr Watt—Yes.

Senator BRANDIS—The next is not the reversal of a measure but the revision of a measure. I take it that the expression ‘revision of a measure’ means a reduction of funding to a program rather than the termination of the program. Is that right?

Dr Grimes—That is correct.

Dr Watt—That is correct.

Senator BRANDIS—Is that the case in respect of all of those described as revisions of program?

Dr Watt—All revisions would be reduced funding rather than the abolition of the program.

Senator BRANDIS—All right. And the relevant minister would be the minister for immigration, I assume.

Dr Watt—Correct, Senator.

Senator BRANDIS—Again, was he consulted before the decision was made? What steps were taken by or on behalf of Mr Tanner to determine the impact on stakeholders before this decision was made?

Senator Sherry—Likewise, Senator Brandis, I will refer it on to the minister.

Senator BRANDIS—The next one is:

Auslink—inland rail

That was the measure being championed by Mr Everald Compton, wasn't it—to build an inland rail from southern Queensland down to Victoria? Is that the one we are talking about, Dr Watt?

Dr Watt—If memory serves me correctly, that is right, but I would not be 100 percent sure.

Senator BRANDIS—In this particular case, can you explain to me the fact that in the first two of the financial years there is an expenditure and then in the third year there is the reduction of an expenditure? That seems to be expressed differently from any other line item. How does that work?

Dr Watt—It is the other way around. In the first two financial years there is a saving; in the third year there is expenditure. The change to this measure was not to cut funds but to change the timing of the expenditure.

Senator BRANDIS—I see. So it is a deferral of an expenditure.

Dr Watt—Yes.

Dr Grimes—It was a deferral in order to allow a scoping study to be completed.

Senator BRANDIS—I see. Who was the relevant minister there—the minister for transport?

Dr Watt—Mr Albanese.

Senator BRANDIS—I again ask the same two questions about prior consultation with him and steps taken by Mr Tanner to assess the impact before the decision was made.

Senator Sherry—I will do the same thing.

Senator BRANDIS—The next one is:

Bass Strait Passenger Vehicle Equalisation Scheme

Who is the relevant minister there?

Dr Watt—Mr Albanese again.

Senator BRANDIS—I ask the same two questions. Senator Watson might have an interest in that.

Senator WATSON—I do not think I am going to get any answers.

Senator Sherry—There is one coming up that I can give you an answer to.

Senator BRANDIS—Good. The next one is Reverse FutureGen Alliance membership; what is that about?

Dr Grimes—From memory, that is an international project that is being undertaken together with the United States Department of Energy. It is Australia's contribution to that.

Senator BRANDIS—Who is the minister; is it Mr Garrett or the foreign minister?

Dr Grimes—It would be either Minister Wong or Minister Ferguson. I will just check on that because, as the footnote indicates, there will be funding provided through the Clean Coal Fund. It is Minister Ferguson.

Senator BRANDIS—Again, I want to know whether he was consulted in advance of the decision made and what steps Mr Tanner took to assess the impact of the decision on stakeholders. Going to footnote 4, there is a \$500 million National Clean Coal Fund which will absorb this \$15 million outlay. Is the \$500 million National Clean Coal Fund new money?

Dr Watt—I think that is correct. What that footnote says is that the cost will be absorbed under an existing program.

Dr Grimes—Under a new program.

Senator BRANDIS—A new program.

Dr Grimes—If the \$15 million saving was not taken then, it would be \$15 million worth of expenditure over and above the \$500 million Clean Coal Fund.

Senator BRANDIS—So when we look at this in a slightly more global way, this is not a saving of \$15 million; it is the expenditure of an extra \$485 million.

Dr Watt—Except you have already announced expenditure of \$500 million and all you have said is that you will fit \$15 million under the \$500 million. Another way of looking at it is that, without this measure, you might have spent \$515 million rather than just \$500 million.

Senator BRANDIS—The next one is 'Revision of measure—Simplified Superannuation—Additional funding for media coverage.' What media coverage are we speaking of here?

Senator Sherry—I can assist you here, because I am the minister responsible in my capacity as Minister for Superannuation and Corporate Law. The \$14.4 million here was part of the overall communication of Simpler Super. I think it would have been between \$40 and \$50 million, but I would have to double-check on the precise figure announced by the previous government. Although the title is now Better Super, it was Simpler Super when it was announced. And, yes, I was consulted.

Senator BRANDIS—In advance of the decision?

Senator Sherry—Yes, I was. There were some further advertising projects to roll out and I was consulted on this matter. Indeed, I sought some briefings on this particular area when I became the minister. And, yes, I was consulted.

Senator BRANDIS—Are you able to tell us what measures, if any, were taken to consult stakeholders?

Senator Sherry—I did not consult any stakeholders.

Senator BRANDIS—Do you know if Mr Tanner did?

Senator Sherry—I do not know, but I certainly did not consult stakeholders. I came to a considered view that Simpler Super, now known as Better Super, had, on balance, received sufficient moneys for promotional purposes and it was no longer necessary to consider promoting it. It was continuing to receive very, very widespread general and also specific detailed coverage in the financial press, and I certainly had a view that it was no longer necessary to continue the program.

Senator BRANDIS—That was a view you had reached in advance of the decision?

Senator Sherry—I was asked about the program.

Senator BRANDIS—In advance of the decision?

Senator Sherry—Yes.

Senator BRANDIS—The next one is ‘Revision of measure—Drought Package 2007—re-establishment assistance’. Of course this is different to the reversal of the measure concerning assistance to rural research and development corporations and companies. Mr Burke is the relevant minister; is that right?

Senator Sherry—Correct.

Senator BRANDIS—I will ask the same two questions. Was he consulted in advance of the decision? And what steps did Mr Tanner take or cause to be taken to inform himself and the strategic review committee of cabinet as to the effect upon stakeholders of this measure?

Senator Sherry—I am happy to do so, but again I would indicate there were quite lengthy, detailed discussions about drought assistance packages in the estimates of yesterday.

Dr Grimes—I think, Senator, as indicated on the footnote, the eligibility rates have not changed for that program.

Senator BRANDIS—That is the sort of thing that concerns me, Dr Watt, hence the point of my questions particularly in relation to a program like this. I would want to know for example, where you are talking about transfer payments, whether there was any modelling of the impact upon recipients or transferees. That is the kind of consideration that I would have thought taxpayers would be entitled to expect from a new government which decides to discontinue programs outside election commitments.

Dr Watt—Senator, this one has not been discontinued.

Senator BRANDIS—Well, cut.

Dr Watt—Perhaps I might give you a little bit more explanation. As the footnote says, eligibility has not changed. The amount of money proposed to be spent by the previous government was far in excess of what was needed, given the way take-up rates were developing. The incoming government had a choice. Consistent with the existing measure, it could have appropriated that money the previous government had thought would be spent under the program, because when the program was established no-one knew what the take-up rate was going to be. It could have appropriated that money, but it would have been doubtful whether that was good policy, given the high expectation that you would not spend it. The government took a decision to appropriate less, not change eligibility for the program.

Senator BRANDIS—Does that mean that, in effect, there would not be any change to the bottom line as a result of this measure because there was more money in the pot than would have been spent anyway?

Dr Watt—It means that eventually you might have got an underspend. But that is spread out over a number of years and you would therefore carry inflated estimates for that period of time. So this time, a decision taken by government was to appropriate a smaller amount than had initially been intended.

Senator BRANDIS—This is not the slashing of a program in the sense that anybody who had been expecting this money would all of a sudden not be receiving it. It was really just a revaluing of the program.

Dr Watt—It was taking a decision to appropriate a smaller amount of money.

Senator Sherry—Senator Brandis, this was canvassed in considerable detail by your colleagues at yesterday's estimates

Senator BRANDIS—Thank you.

Senator Sherry—We have gone over the ground that we have just gone over now and a great deal more.

Senator BRANDIS—That is fine, Senator Sherry. I am not going to re-agitate the debate we had before. The next measure is 'Revision of measure—Asia-Pacific forestry skills and capacity building', and I note footnote 7. Does that mean that that is going to be absorbed in another funding stream, Dr Watt?

Dr Watt—Yes, Senator.

Senator BRANDIS—Again, is that one of these programs where there was no change to the bottom line, in effect?

Dr Watt—No. Again you had an existing funding programme which, if fully spent, would have worsened the budget balance. Had you spent this money over the top of it, that would have also worsened the budget. So, yes, it has improved the budget balance. None of those measures would be here if they had not. But in this case the program will be funded in another way.

Senator BRANDIS—Who is the relevant minister in this case?

Dr Watt—It is Minister Burke, I understand.

Senator BRANDIS—Is it? Again, I would like to know the answers to both questions—whether the minister was consulted prior to the decision and what steps Mr Tanner took or caused to be taken to inform the decision makers of the impact on stakeholders.

Senator Sherry—Can I inform you, Senator Brandis, that the forestry area of estimates from yesterday was held over till Friday—we did not reach it—and I would certainly be surprised if this measure were not an issue of questioning on Friday, presumably.

Senator BRANDIS—Perhaps it will be, Senator Sherry, but I am sure that in the interests of transparency you would be delighted to know that a decision of government might, from different perspectives, be explored in two estimates committees rather than one. The next one

is 'Revision to 2007-08 Budget measure—Griffin Legacy Infrastructure'. What is that about, Dr Watt?

Dr Grimes—That measure is reversing part of the funding that was given for Griffin Legacy infrastructure. It specifically relates to funding that had been previously provided by the previous government for the upgrade—

Senator BRANDIS—Sorry, what is Griffin Legacy infrastructure?

Dr Grimes—of Constitution Avenue. The proposal there was to widen the road and have it turned into a grand boulevard along Constitution Avenue.

Senator BRANDIS—Who was the relevant Commonwealth minister—the minister for territories?

Dr Grimes—The minister for territories.

Senator BRANDIS—Who is that?

Dr Grimes—Minister Debus.

Senator BRANDIS—Again I would like to know whether he was consulted in advance and what steps Mr Tanner took to inform himself and to inform those who made this decision of the impact on stakeholders—which would presumably include the ACT authority and the ACT government.

Dr Grimes—Yes.

Senator WATSON—Is that the Parliamentary Triangle?

Dr Grimes—It borders the Parliamentary Triangle.

Senator WATSON—Hasn't the government indicated that they are withdrawing interest in anything outside the Parliamentary Triangle?

Dr Grimes—This is my memory, so I will correct this if I am incorrect in any way: my understanding is that that road, Constitution Avenue, was previously an ACT government road, so it was formerly part of the ACT's responsibilities. The previous government negotiated with the ACT government to have that road—and, indeed, other roads adjacent to the Parliamentary Triangle—transferred as part of this overall project. So it would come across to the Commonwealth rather than being an ACT road. But formerly it was an ACT road.

Senator WATSON—Yes, but it is now part of the Commonwealth.

Dr Grimes—Yes.

Senator BRANDIS—The next is 'Revision of measure—NetAlert—Protecting Australian Families—

Dr Grimes—Excuse me, Senator. On the final point that you made there, Senator Watson, of course, this would now revert to being an ACT road; that would be the proposal.

Senator WATSON—So it has now gone back to being an ACT road.

Dr Grimes—That would be the proposal.

Senator WATSON—Wouldn't the savings be a lot greater if, as I understood, there has been a decision by the government to restrict its federal influence just to the Parliamentary Triangle?

Dr Watt—I am not aware of that decision, Senator. Sorry.

Senator WATSON—I was just wondering what impact that might have on that road construction.

Dr Watt—I think that the point Dr Grimes is making is one about that particular road and the area around it. The previous government had offered—or had agreed with the ACT government—to become responsible for that road and the costs of upgrading it. So there has been a change of responsibility as a result of the 2007-08 budget measure. The current government has said it does not want that responsibility and is giving it back to the ACT. That is correct, isn't it, Dr Grimes?

Dr Grimes—That is my understanding.

Dr Watt—Certainly the government has announced that it will not be proceeding with the funding.

Senator WATSON—Could you take on notice the consequences for the funding of that road, if my understanding is correct?

Dr Watt—I think that one might need to get passed on to the relevant minister, Senator.

Senator Sherry—We will take it on notice and pass it on.

Senator BRANDIS—The next item is 'Revision of measure—NetAlert—Protecting Australian Families Online—Additional Funding for Consumer Information Campaign'. It has been chopped by \$700,000. Who is the relevant minister?

Senator Sherry—Senator Conroy.

Senator BRANDIS—Can you find out whether he was consulted in advance?

Senator Sherry—Yes.

Senator BRANDIS—Again, I would be interested to know what steps Mr Tanner took or caused to be taken to inform himself and those who made this decision about the impact of this cut. The next is 'Revision of measure—Tuggeranong Office Park—transitional accommodation costs'. What does that mean?

Dr Watt—Minister Macklin. This is funding for the Department of Families, Housing, Community Services and Indigenous Affairs to have some transitional accommodation changes made to accompany the refurbishment Tuggeranong Office Park as part of an agreement for the Commonwealth to—I am not quite sure of the exact words.

Dr Grimes—In the case of this saving, it was a small departmental one, and it was part of that which can now managed within the resources of the department.

Senator BRANDIS—All right. And to Mr Debus—the same two questions?

Dr Watt—No, it was Minister Macklin.

Senator Sherry—Macklin.

Senator BRANDIS—Oh, it was Minister Macklin—the same two questions?

Dr Watt—Yes.

Senator BRANDIS—Does the next item, ‘Revision of measure—Australia-Japan Free Trade Agreement—commencement of negotiations’, indicate that the date of commencement of negotiations of the Australia-Japan Free Trade Agreement had been postponed?

Dr Watt—No.

Senator Sherry—My recollection is that that question was posed last night at another estimates hearing. I cannot recall the details.

Dr Watt—This particular measure is the government’s decision that those departments involved in those negotiations will absorb part of the cost of those negotiations as part of their ordinary average business.

Senator BRANDIS—I see. Who are the relevant ministers here? The foreign minister, presumably, and the trade minister?

Dr Watt—It would need a very long list. It affects a large number of ministers.

Senator BRANDIS—Who are the leading ministers—the foreign minister and the trade minister?

Dr Watt—Yes, but I am not sure that DFAT was being funded under this particular proposal. I am just not sure. These negotiations involve many players, including, incidentally, the Department of Finance and Deregulation.

Senator BRANDIS—I am certainly asking the right person then, aren’t I, Dr Watt?

Dr Watt—There was none for the Department of Foreign Affairs and Trade. They would be the lead department in these negotiations, but they were not actually being funded for these negotiations.

Senator BRANDIS—All right. The same two questions please in relation to consultation with ministers and steps taken by or on behalf of Mr Tanner to determine the impact on interested persons. Drought assistance—Mr Burke? Is that right?

Senator Sherry—Yes.

Senator BRANDIS—Is that the reduction of a program or merely the absorption of unallocated funds?

Dr Watt—If memory serves me correctly, it is simply taking money left over at the end of a communications campaign on the basis that the government’s longstanding policies on drought assistance had been well communicated.

Dr Grimes—I understand that one may be in the human services portfolio, so it would be with Minister Ludwig

Senator Sherry—Okay.

Senator BRANDIS—Again, the same two questions about consultation with relevant ministers and assessment of impact by or on behalf of Mr Tanner. ‘Child Support Reforms—communication campaign savings’—who is that?

Dr Grimes—Once again it is the Minister for Human Services. That is once again making savings in communication costs.

Senator BRANDIS—All right, the same two questions on the next one: ‘Department of Agriculture, Fisheries and Forestry administered appropriation saving’. What is that?

Dr Watt—Mr Burke.

Senator BRANDIS—Yes, I understand that.

Dr Grimes—It is simply a saving in departmental expenses.

Senator BRANDIS—That is what I thought. All I need to ask about that, I suppose, is the first question: was Mr Burke consulted in advance? We now have ‘Other savings—Fishing Hall of Fame, abolition’. I think ‘Other savings’ is meant to be a subheading to introduce the remaining items on the list. The fishing hall of fame has not been built, has it?

Dr Grimes—Just to clarify, Senator Brandis, you said that there was a break in the heading there for ‘Other savings’. The break actually occurs a couple of lines up, when it goes ‘Reversals’, then ‘Revisions’. All those after ‘Revisions’ are ‘Other savings’.

Senator BRANDIS—So those two words in fact should appear above ‘Drought assistance—communication campaign savings’?

Dr Grimes—They could.

Dr Watt—They probably should not appear at all, Senator. That might be the best way to put it.

Senator BRANDIS—All right. The fishing hall of fame has not been built, has it? This is just a cancellation of a program—or that pledge of money to enable that to be constructed?

Dr Grimes—Correct.

Senator BRANDIS—Who would be the minister? Would that be Mr Albanese? Would that be an infrastructure item or a fishing item?

Dr Watt—Or a regional item?

Dr Grimes—I am told it is Minister Ferguson. No, it is Minister Albanese; you are right.

Senator BRANDIS—I would be interested to know whether Mr Albanese was consulted and what steps Mr Tanner took or caused to be taken to assess the impact on the sponsors of the fishing hall of fame, having regard to particular to that issue I raised in relation to the Australian Rugby Union. These projects, which are presumably being built by charitable or community organisations with Commonwealth support, to construct a substantial building, may well have undertaken contractual obligations to surveyors and people like that.

Dr Watt—You would have to take this up with the responsible portfolio, but I suspect the issue is that the grant had not been accessed, because we had not found a recipient for the grant.

Senator BRANDIS—Can you tell me what the position is, Dr Watt?

Dr Watt—Sitting here now, I cannot.

Senator BRANDIS—No, of course.

Dr Grimes—My understanding is that the matching funding that was to be raised to match that had not been raised, as the previous government had been proposing—

Senator BRANDIS—So this is something that was just carried forward on the books; it was not money that the Commonwealth was expecting to have to spend at all?

Dr Watt—No, it was in the budget, so there was an expectation that it would be spent. But Dr Grimes is correct: it required an organisation to match that funding, and no organisation had come forward with matching funding.

Senator BRANDIS—Yes, say, for example, the Australian Fishermen's Association, hypothetically speaking, were promoting the fishing hall of fame. If hypothetically speaking the agreement with the Commonwealth was that, when they were able to contribute \$3 million, the Commonwealth would kick in \$3 million, and the good citizens who had been promoting the project had spent years raising \$2½ million, they still have a considerable detrimental reliance in expecting the Commonwealth to come up with the money.

Dr Watt—It is far too hypothetical for me to be able to comment on. We will get an answer.

Senator BRANDIS—I would like to know what steps Mr Tanner took or what steps were taken on whose behalf to work out the impact on the Commonwealth's partner organisation or body in the construction of the fishing hall of fame.

Dr Grimes—I just needed to correct something there with the fishing hall of fame. When you asked me which minister was responsible, I originally answered Minister Ferguson. I was then advised from behind that it was Mr Albanese.

Senator BRANDIS—You said that.

Dr Grimes—It is indeed Minister Ferguson, I am now told.

Senator BRANDIS—Thank you. The next issue is 'Australian Federal Police—Termination of Residential and Accommodation Leases in PNG'. That is a matter of concern to the Attorney-General. I would like to know if he was consulted first. I would like to know whether the commissioner or a relevant officer of the Australian Federal Police was consulted so that the impact of that decision on the Australian Federal Police was taken into consideration in advance of the decision being made. In relation to 'Return of unspent advertising funding—NetAlert—Protecting Australian Families Online', what is the relationship between that item and the item about eight above, which we mentioned a few moments ago? Are they different aspects of the NetAlert program?

Mr Suur—There are in fact two items, as you have identified, in relation to NetAlert. The previous government provided \$18.3 million over three years from 2006-07 for a consumer information campaign on NetAlert. In 2007-08 they provided an additional \$3.8 million for that same campaign, meaning that there was total funding of \$22 million. The two items that you have now identified go to reversing the unspent monies under those two components. In the first case, the one you identified some time ago, there was \$700,000 of unspent money that has been returned. This time round there is \$5.7 million of unspent money that is to be returned. So the decision of the government was to have all of the unspent monies under the program returned.

Senator BRANDIS—So this is not a case in which a program has been reduced in a way that impacts on the beneficiaries of the program; this is, as you say, Mr Suur, merely a matter of clawing back money that is just lying in the appropriation and has not been spent?

Mr Suur—That is right.

Senator BRANDIS—All right. I just need to know in relation to that whether Senator Conroy was consulted in advance.

Dr Watt—Yes. It also brings the advertising campaign to an end.

Senator BRANDIS—Okay.

Proceedings suspended from 3.45 pm to 4.03 pm

Senator BRANDIS—Senator Sherry, over the break I have been able to secure a copy of Operation Sunlight. It is here if you need to refer to any of its very, very improving prescriptions—in particular, the very illuminating section on improving the transparency of budget estimates. Dr Watt, you know about Operation Sunlight, of course. You directed our attention to it earlier in the day.

Dr Watt—A little bit.

Senator BRANDIS—Well, here it is, if you need to refresh your memory.

Dr Watt—I do not think I need to refresh my memory.

Senator BRANDIS—Perhaps all your officers could bathe in Operation Sunlight.

Dr Watt—I think the budget estimates they are talking about are something other than a budget estimates committee. We will see that when we understand more clearly the details of implementation.

Senator BRANDIS—I am sure there are a few dark corners hiding in Operation Sunlight.

Dr Watt—I am sure there are a lot.

Senator BRANDIS—On the National Plan for Water Security—Murray-Darling Basin Authority—there is a reduction in departmental funding due to delays in establishing authority. Is that another rolling over of unspent money, Dr Watt?

Dr Watt—When you say, ‘unspent money’, I am not—

Senator BRANDIS—Mr Suur might tell us.

Dr Grimes—It is essentially a reduction that is recognising that there has been some delays in establishing these functions. So, rather than maintaining the appropriation funding that is there, it is returning that to the budget.

Senator BRANDIS—If that were the case, would it not though be more appropriate to bump it into the out years rather than to take it off the budget entirely? This project is not being abandoned, as I understand it, by the government; rather, the government is cognisant of the delay in commissioning it, taking it out of the current financial year. But surely it is expected that within the next several years those funds will be called upon?

Dr Grimes—You are asking me express an opinion there, I think, on what was more appropriate.

Senator BRANDIS—Only an opinion about an accounting convention, not an opinion about government policy.

Dr Grimes—In terms of the treatment of funding in forward years, I would be happy to take that on notice.

Senator BRANDIS—Why do you need to? If it be assumed—and if my assumption is wrong, please tell me—as appears plain from the brief description here, that there is not an intention to abandon the establishment of the Murray-Darling Basin Authority, but merely an expectation that there will be a delay in establishing the authority, then would it not, just as a matter of government accounting, be more appropriate to bump it in the out years or spread it across the forward estimates than to remove it entirely?

Dr Grimes—As a matter logic, you will see in those forward years, 2008-09, 2009-10, 2010-11—

Senator BRANDIS—Yes.

Dr Grimes—there is no reduction in funding at all, indeed to allow the program to continue on.

Senator BRANDIS—That is because there is no funding.

Dr Grimes—No. There is funding provided; there was no saving. So those zeros are indicating no saving taken in the out years.

Dr Watt—The program will still continue in 2008-09 and subsequent years at the level of money currently made provision for in the forward estimates, so they are unchanged. It is only just the 2007-08 year that is at issue.

Senator BRANDIS—I am still struggling to understand that because there is no appropriation provided for in the out years.

Dr Watt—No. There are no savings provided for in the out years.

Senator Sherry—There is still an appropriation.

Dr Watt—There is still an appropriation. We have not changed the appropriation in the out years.

Senator BRANDIS—The total amount of money though, leaving it in constant prices, required to establish the Murray-Darling Basin Authority is going to be the same, is it not?

Dr Watt—We will let the expert answer that.

Mr Suur—The money identified for this measure was for Commonwealth funding to displace current state funding for the Murray-Darling Basin Authority, once it was established. As you know, negotiations are continuing between the Commonwealth government and the basin states about a number of aspects to do with the National Plan for Water Security, including the establishment of this authority. The authority has not been established and terms and conditions have not been agreed between the Commonwealth and the states, so taking this money back represents a saving to the Commonwealth because agreement has not been reached with the states.

Senator BRANDIS—So the beginning of the expenditure will not be in 2007-08?

Mr Surr—That is right.

Senator BRANDIS—I understand. Can you tell me please whether the minister, who I assume is Senator Wong—she is the Minister for Climate Change and Water, is she not—

Dr Grimes—Yes, correct.

Senator BRANDIS—was consulted in advance of the making of this decision? Can you tell me please whether Mr Tanner informed himself, either directly or caused others to inquire on his behalf, about the impact on the authority? And can I add to that particular question whether there was consultation with the governments of New South Wales, Victoria and South Australia?

Senator Sherry—I am happy to seek that information as well, Senator Brandis.

Senator BRANDIS—What program or programs in the Bureau of Meteorology were reduced as part of the National Plan for Water Security funding reductions?

Mr Suur—Again, provision was made for the Bureau of Meteorology to recruit a number of people to conduct some new functions under the National Plan for Water Security. Their recruitment was not as successful as they envisaged, so a number of positions remain unfilled. This is simply taking back the saving of unspent money for staff they have not been able to recruit.

Senator BRANDIS—Five million dollars—that is a lot of staff. How many staff are we talking about?

Dr Watt—Perhaps 30, as a guess.

Mr Suur—The total number of staff in relation to this measure was around a hundred.

Senator BRANDIS—Who is the minister who is responsible for the Bureau of Meteorology these days?

Mr Suur—It was the minister for the environment, but you have caught us on the hop. It may well be Senator Wong. Let me check and come back to you.

Senator BRANDIS—Yes, please. And I would like to know whether the appropriate minister was consulted in advance of this decision being made and the steps Mr Tanner made, or caused to be made, to inform himself and the decision makers as to the impact of this decision. Now, on to the last page—Apprenticeship Incentives for Agriculture and Horticulture. This is quite a large cutback. This is a reduction of a program, not a termination of a program, correct?

Dr Grimes—That is my memory—it was a reduction. I will see if I can clarify that now.

Senator BRANDIS—Is that in the department of employment or in the department of agriculture?

Dr Grimes—I understand it is in the Department of Education, Employment and Workplace Relations

Senator BRANDIS—All right. And Ms Gillard was a member of this cabinet subcommittee, was she not?

Dr Grimes—That is correct.

Senator BRANDIS—We need not know whether there was any consultation with her, but I would like to know what steps were made by or on behalf of Mr Tanner to inform himself, and those who made this decision, as to the impact on those affected by it.

Senator Sherry—Yes.

Senator BRANDIS—You might include in that answer, if you would please, how many individual apprentices are likely to be affected by these reductions. It seems a lot of money over four years: \$47.7 million chopped out of incentives for agricultural and horticultural apprenticeships.

Senator Sherry—I will, but I just make the point that that is a detailed issue for that department. You could not reasonably expect it of Finance, but I will endeavour to obtain the information for you.

Dr Watt—I think we will refer that to the Department of Agriculture, Fisheries and Forestry. Senator, we are not going to answer that.

Senator BRANDIS—Please, Dr Watt—you are obliged to do your best.

Dr Watt—We will do our best, but we are doing the business of another department.

Senator BRANDIS—Well, Dr Watt—

Dr Watt—It is not something that we can answer.

Senator BRANDIS—I am not going to reverse the earlier discussion but I do have the rather simple view that if decisions are made by government in which your minister participated and then announced then those who made the decisions ought to be expected to be aware of the impact of the decisions; hence, this line of questioning.

Senator Sherry—Senator, we understand your position. We will do our best to obtain the information.

Senator BRANDIS—Thank you, Senator Sherry. In holding that view, Dr Watt, I am rather chastened by my own experience as a minister when the central agencies, including your department, seemed to know everything about what was going on in other departments.

Dr Watt—If we knew everything, we would not need to have the departments; we don't.

Dr Grimes—Can I go back to correct an item.

Senator BRANDIS—Yes.

Dr Grimes—A row for two before, it was the Bureau of Meteorology, I have been told, and responsibility there is with Minister Garrett.

Senator BRANDIS—There is a reduction in the telecommunications improvement and procurement project. What is that?

Dr Watt—This savings measure involves the department of finance being given a little bit of seed money to run a fairly complex procurement which will bundle together five individual contracts, or that order of magnitude, for different IT services the department provides.

Senator BRANDIS—So this is a finance department program?

Dr Grimes—Yes. They are our internal communications, our electoral office communications—various communications we provide on and behalf of government; and these are individual contracts. This is to do a more efficient procurement and therefore produce some savings to the government overall.

Senator BRANDIS—I can ask you then, can I not, what steps were taken to consider the impact of stakeholders of this revision?

Dr Watt—We advised Mr Tanner of the project. This is a procurement which will in no way adversely affect any of the users of our systems. We will still be procuring telephone services. We just expect to procure them through economies of scale at a significantly lower cost.

Senator BRANDIS—So you are telling us this is not going to result in any diminution in the level of services; merely in the price you pay.

Dr Watt—That is the expectation.

Senator BRANDIS—All right.

Dr Watt—We obviously still will be wanting to provide the service.

Senator BRANDIS—Is the living away from home allowance extension to Australian school based apprentices and Education, Employment and Workplace Relations program?

Dr Grimes—That is correct.

Senator BRANDIS—In this case it seems a very modest amount of money: \$100,000.

Dr Grimes—It is a very small amount of money.

Senator BRANDIS—But why?

Dr Grimes—My recollection is that this was an amount for administration of the program, not for the program itself. Those costs will now be absorbed by the department in administering the program.

Senator BRANDIS—So that is not a diminution of any government service?

Dr Grimes—Not that I am aware of.

Senator BRANDIS—Can you check that?

Dr Grimes—It is simply our changes in the departmental running cost. I have been advised the program is unaffected.

Senator BRANDIS—Thank you. Is low emissions technology and abatement an Environment—

Dr Grimes—We are just checking at the moment. It will be either Environment or Climate Change.

Senator BRANDIS—Sure. Whichever it is, obviously I would like to know—

Dr Grimes—Or it could be resources.

Senator BRANDIS—I would like to know whether the relevant minister was consulted and what steps were taken by Mr Tanner or on his behalf to inform himself and those who made this decision as to its impact and those affected by the reductions.

Dr Grimes—I am able to also confirm that it is Mr Garrett and Environment.

Senator BRANDIS—Thank you. What are biodiversity hot spots? Are they like super-duper national parks?

Dr Grimes—Once again, it is Environment. I will just bring the relevant documents up.

Mr Suur—These are particular places that are located on private land that have some biodiversity interest or importance from a conservation point of view.

Senator BRANDIS—And this is an environment department program?

Mr Suur—That is correct.

Senator BRANDIS—How many of them are there, do you know?

Mr Suur—I do not know.

Senator BRANDIS—All right.

Mr Suur—I know the total funding is \$36 million over—

Senator BRANDIS—So it was reduced by a sixth.

Mr Suur—It is a program that has underspent historically, and the funding for it has been moved between years. This saving will not impact on the level of the current program.

Senator BRANDIS—What about expansion of the program by the identification of new locations?

Mr Suur—We do not believe it will impact on the delivery of the program.

Senator BRANDIS—Do you know? Did you ask the minister? You might care to take that on notice.

Dr Watt—I think that goes back to your standard two questions.

Senator BRANDIS—Yes, indeed. There is a large reduction in the renewable remote power generation program. In fact, it is one of the half-dozen largest among these measures. Is that an Environment program?

Dr Grimes—It is an Environment program. From memory, it is a program that has had a history of underspending in it.

Senator BRANDIS—I would make bold to guess that you would not be underspending by \$42 million. It must be a very expensive program indeed if the underspend is \$42 million.

Dr Grimes—My understanding—I will confirm this—is that moneys have been rolled over as they had been underspent in previous years. This is taking savings that were provided in 2007-08 and a small amount for 2008-09.

Senator BRANDIS—So you are saying that you think that in fact this is money that will not result in a diminution of any benefits delivered through the program; it is just spare money, unspent?

Dr Grimes—If this funding was to stay there, there would be the capacity, I guess, to fund more programs.

Senator BRANDIS—Yes. I was going to make that observation.

Dr Grimes—That is now being a returned back to the budget.

Senator BRANDIS—So at the very least, by taking this off the budget, you are eliminating the capacity of this program to be expanded.

Dr Grimes—Yes.

Senator BRANDIS—All right. Again, I would like to know both about the extent of consultation with the relevant minister in advance of the decision and what steps Mr Tanner made, or caused to be made on his behalf, to inform himself and those who made the decision as to the impact of this reduction in funding of this program. Is Family Relationships Centre advertising in the Department of Human Services, or the Attorney-General's Department?

Dr Grimes—Attorney-General's.

Senator BRANDIS—I would like to know whether the Attorney-General was consulted and I would like to know what steps Mr Tanner took, or caused to be taken on his behalf, particularly to consult the family relationships centres so as to better inform himself and those who made this decision of the impact of the decision. The next two, the Ethanol Production Subsidy and the Ethanol Distribution Program, I might take together. I assume that they fall within the responsibilities of the same minister?

Dr Grimes—That is correct: Minister Ferguson.

Senator BRANDIS—What proportion of the ethanol production subsidy is being reduced by chopping off \$10.8 million?

Dr Grimes—The subsidy itself is not being reduced. In both cases the programs are not being reduced but the amount of funding required to deliver those programs in 2007-08 is being reduced.

Senator BRANDIS—Is that because there had been on overestimation of the uptake?

Dr Grimes—I suppose, by definition, yes.

Senator BRANDIS—Only 'by definition' if this is unspent money.

Dr Grimes—That is correct.

Senator BRANDIS—So this is not money taken from a program; it is moneys taken from the appropriations to a program and which are unspent?

Dr Grimes—That is correct.

Senator BRANDIS—Who are the stakeholders in the ethanol subsidy?

Dr Grimes—You will have to ask the relevant department.

Senator BRANDIS—I would like to know whether the responsible minister was consulted and what steps Mr Tanner took or caused to be taken on his behalf to inform himself and those who made the decision of the impact of the program. I go to the Townsville

International Sports Centre, and I am looking at footnote 8. Does footnote 8 reveal a government decision, or is that simply something that is anticipated?

Dr Watt—No, that is a government decision. The previous government decided to fund this entity. The new government has decided to fund it through the Better Regions Program, which is an existing pool of funding.

Senator BRANDIS—Will the Townsville International Sports Centre or its promoters need to apply under the Better Regions Program, or is this, for them, money in the bank?

Dr Watt—As far as I am aware—I emphasise ‘as far as I am aware’ and we are not experts on the program—they will be funded under the Better Regions Program. They may have to apply, but the funding is committed under that program to them. So, rather than them being funded as additional money, stand alone, they will be funded under existing programs.

Senator BRANDIS—You will check that, will you not? And, of course, this is not a reduction because it is simply money that is being taken out of a different pot.

Dr Watt—It is being moved around. It just means there will be less spent overall, if you combine better regions plus the stand alone entity, or less spent on other aspects of the Better Regions Program.

Senator BRANDIS—Since Mr Tanner made the announcement of these measures on 6 February, have there be any other announcements in relation to the reduction of funding of measures or programs?

Dr Watt—I am not sure what you mean.

Senator BRANDIS—Has the government—

Dr Watt—Have there been any other announcements by Mr Tanner?

Senator BRANDIS—No, by the government.

Dr Watt—Individual ministers may have made announcements on various aspects of these reductions but I would not be aware of them.

Senator BRANDIS—I am not talking about things that are de minimus, obviously. I am talking about things that—

Dr Watt—They may have been significant. I would not pretend to know.

Senator BRANDIS—Dr Watt, I think if the finance department and the finance minister make decisions about abolishing or reducing programs, the taxpayers would have a fair expectation that they would know enough about those programs that they are terminating or reducing to be in a position rationally to make those decisions. That is my point.

Dr Watt—That is quite a different point. Do we track every detail of every announcement by any minister on a program that has been abolished or had funding reduced? No, we do not, and I do not think there would be a finance department large enough anywhere in the world to do that. If you are asking me has there been a further substantive announcement by the Minister for Finance on an additional savings list, then I think it is fair to say, as far as I am aware, there has not.

Senator BRANDIS—In relation to these 45 measures, did the department of finance prepare greens, or the equivalent of greens, for the assistance of the cabinet subcommittee?

Dr Watt—There was a variety of briefing provided, including finance greens.

Senator BRANDIS—Is that the case in respect of all 45 programs?

Dr Grimes—Yes.

Senator BRANDIS—So we spent all that time earlier in the afternoon arguing about whether or not Finance knows enough about this to answer or was the appropriate respondent to questions, and yet now you tell us that Finance actually prepared greens in respect of each and every one of these 45 programs?

Dr Watt—No. There are different sorts of greens prepared for different purposes. And, by the way, the green is never the only thing on the cabinet table.

Senator BRANDIS—I know that, but the green is Finance's analysis of the merits of the measure, is it not?

Dr Watt—The green is Finance's analysis of the merits of the measure from its perspective.

Senator BRANDIS—Of course. We are not expecting you to take somebody else's perspective.

Dr Watt—It is in no sense all encompassing, and in no sense does it go to consultations for example with stakeholders.

Senator BRANDIS—I understand that. But Finance, you have told us, had prepared, from its perspective, to be put before the strategic budget committee of cabinet that made these decisions, an analytical document in relation each and every one of these matters.

Dr Watt—A brief analytical document.

Senator BRANDIS—An analytical document.

Dr Watt—Very brief.

Senator BRANDIS—Thank you. Were there greens in relation to the unspecified number of measures that were not adopted?

Dr Watt—I would have assumed that we would have covered all measures before a strategic budget committee.

Senator MURRAY—I go to the \$243 million that is noted on page 3 of that document provided by Senator Brandis as the total of the savings for 2007-08. Dr Watt, if those savings had not been made, and those moneys had not be spent in the year 2007-08, under existing appropriations law they would have been rolled over into the following year; is that correct?

Dr Watt—Some would have, yes. Some would have, not necessarily all of them.

Senator MURRAY—But it is generally the case, is it not, that unspent moneys for specific programs, which are continuing programs, are rolled over into the following year?

Dr Watt—Generally, yes. There are exceptions to that. For example, if the commitment was to spend X million dollars over two years and the second year was 2007-08, that would

not necessarily be rolled over. After all, if you could not spend the money in the time you were supposed to spend it and it was discretionary, there would be an argument about the need to continue to spend it. Some money would have been rolled over—maybe a lot.

Senator MURRAY—I certainly, and you probably, could not have knowledge as to how much would have ended up being rolled over.

Dr Watt—And, indeed, you cannot—

Senator MURRAY—But it is the effect of this, is it not, that it prevents that money being rolled over and effectively makes for a tighter financial regime in 2008-09 for those programs.

Dr Watt—Again, it depends. Let us take a couple of examples. We talked about the Bureau of Meteorology and its apparent inability to take on staff as quickly as it intended to. If you had not taken that saving and that money had been rolled over, presumably they would have had more staff than they had originally said they needed to do the job. So, unless there was a catch-up involved, there was probably no real reduction in their actual activities in the next year as a result of not rolling that money over. On the other hand, if it was a grant program where you did not give the grants this year but you presumably could increase your grant round next year, then, yes, there is a reduction in real spending and real distribution to grant recipients.

Senator MURRAY—From an operational point of view, where I am leading to with this is an expectation that the behavioural effect of this will be that, next year, those running these programs might draw the conclusion that if they do not spend the money and do the work in that year, they will lose it.

Dr Watt—That is sometimes a good thing.

Senator MURRAY—I am not saying it is not. I, in fact, commend it.

Dr Watt—They might. It depends very much on the nature of the program.

Senator MURRAY—Yes.

Dr Watt—Sometimes that incentive is useful and important. We just cannot roll money over forever, so either you spend it within the confines of the program or you lose it. That might be an incentive to make sure you get your act together and spend it in the year. Probably the Bureau of Meteorology could not have hired any faster, even if they had wanted to.

Senator MURRAY—The second point I am driving at is that where money might not have been spent anyway these are notional cuts, but if you move to column 2, 2008-09, where the total is \$265.4 million, those are actual cuts. That is withdrawing money that otherwise might have been spent.

Dr Watt—But certainly in some cases in 2007-08 the underspend might have come on 30 June back to the budget—we do not know; taking these decisions now has guaranteed that it has come back to the budget in some cases whereas otherwise it might not have—or it might have been rolled forward. This would be a double whammy on 2008-09: you have not spent in 2007-08, and you are going to increase spending in 2008-09. You would expect money taken

out of 2008-09 would involve reductions in program activity that would otherwise have taken place.

Senator MURRAY—Just from the perspective of a cut-off date from which it applied for the 2007-08 year, when you produced your greens, what were you working on—the end of January financial figures from the agencies?

Dr Watt—It is a bit hard to say. We certainly would have had—

Senator MURRAY—You would have had the end of December. I am not sure you would have had the end of January.

Dr Watt—Depending on the program and depending on a number of things, some agencies might have data up until the end of November, and in some cases it might be the end of December. These were considered over a period of time in both December and January, so it would just depend a bit.

Senator MURRAY—So, at worst, it would have based on five months actual to the end of November.

Dr Watt—By and large, yes.

Senator MURRAY—And mostly it would have been based on six months actual to the end of December.

Dr Watt—It could have been, depending upon whether it was January or December consideration you are talking about and how quick the agencies were with their accounts.

Senator MURRAY—So, as a rough commentary—and it is rough and you will understand why I say that and you will accept that—the \$243 million extended to a full year's calculation you would look at as \$480 million, if it were half-and-half expenditure.

Dr Watt—I would be a bit leery of that because you do not know what the first half looked like. It might even be more, if you have spent very little in the first half and plan to spend a lot in the second half.

Senator MURRAY—Yes. But the point I am making is, if you divide your saving into actual cuts and nominal cuts, because nominal is underspends in the language we are using here today, and if you double it up, you can see, roughly speaking, that there is a substantial part of it which is underspend and the rest is the real cut, which you will see effectively the year following is not \$400-plus million but \$265 million, which to me is the actual cut. Do you understand my thinking?

Dr Watt—No. I think you need to start again. I think Dr Grimes was nodding but I got lost.

Dr Grimes—I was nodding because I understood the basic thrust of what you were saying, Senator. I do not want to put words into the secretary's mouth, but in trying to calculate a precise effect I think you would have to look more closely at each individual line and try to analyse it.

Senator MURRAY—Let me come at it from a different direction. I am not all that impressed by the \$243 million cut because I suspect a lot of it is just underspend, and all you are preventing is the rollover effect, which I think has a good behavioural effect. I am

impressed—in the financial sense—by the \$265 million cut, because I think that is a real cut. That is the point I am making.

Dr Watt—Some of the \$243 million, you would have got eventually as an underspend.

Senator MURRAY—Okay.

Dr Watt—But this certainly locked them in.

Senator MURRAY—Let us move on to another short matter I wanted to cover in this area. Has the work of the strategic budget committee been completed? Will it be reconstituted? Is it a body that will be maintained, or just resurrected when it is needed?

Dr Watt—I do not quite know how to answer that, because I am really not responsible for the purpose of cabinet committees. That is really an issue more for the Prime Minister and/or for his department.

Senator MURRAY—All right. Let me ask you this question. Do you understand it to still be in operation?

Dr Watt—Yes, it is. My expectation is it will meet again, but I do not pretend to know when. Certainly I would have thought it would meet again as part of a regular budget cycle.

Senator MURRAY—It is determined as the strategic budget committee as its title. Does that mean it is only interested in direct budget expenditures, or is it also interested in indirect, mainly tax, expenditures?

Dr Watt—I do not believe the committee's charter would be restricted to just the expenditure side of the budget.

Senator MURRAY—I have not got the quotes I can bring to you here, but I have noted that the finance minister has not ruled out an examination of tax expenditures to see whether savings can be generated there and whether those tax expenditures can be rationalised or made more efficient. That is accurate, is it?

Dr Watt—I have seen his comments, but tax expenditures are a matter for the Treasury, not for me.

Senator MURRAY—Yes, but the finance minister made those comments.

Dr Watt—He has made those comments, yes.

Senator MURRAY—So, as far as you are aware, the committee has not ruled out examining the area of tax expenditures?

Dr Watt—As far as I am aware, based on the Finance minister's comments, they are not ruled out.

Senator MURRAY—You might choose not to answer because I am skating close to a policy question, but have you been asked to produce any greens for that committee for tax expenditures?

Dr Watt—I can safely say we have not because we are not responsible for the tax expenditure.

Senator MURRAY—Turning to the portfolio additional estimates statement, Dr Watt, I want to ask you about the efficiency dividend as it applies to Finance. I did not find—which does not mean it is not in there—a summary of the total cost to your department of the efficiency dividend, but my own addition, which may or may not be complete, brings it up to about \$4.4 million. Is that correct?

Dr Watt—I will get an answer for you.

Dr Grimes—We are eyeballing the numbers at the moment, but that looks broadly correct. We will get someone to confirm the exact numbers. I am just adding them up quickly in my head. It looks like it is roughly correct.

Senator MURRAY—I am more interested, Dr Watt, in the effect of it than in the exact figure.

Dr Watt—Yes.

Senator MURRAY—What are the chief effects of that efficiency dividend on your department?

Dr Watt—Remember, there are three components of the efficiency dividend.

Senator MURRAY—Yes, I do.

Dr Watt—There is the existing dividend, which was already in our base, as it is for all agencies, of one per cent going forward for 2008-09 and beyond, there is the additional quarter of a percentage point that was announced by the previous government, which starts in 2008-09; and then there is the additional one-off dividend of two per cent announced by the then opposition and phased in in 2007-08. We are currently going through our budget review committee arrangements. We are reviewing our own internal budget in the light of the efficiency dividend and one or two other things that we will have to absorb. We have not finished that review. In fact, we have only just started it. We had papers prepared through the Christmas period and we are working our way through it now.

Senator MURRAY—Could I therefore ask you on notice that when you have completed your assessment you advise the committee of the affects of that?

Dr Watt—I am happy to do that. But I can tell you the broad effects. We do not have spare resources in the Department of Finance and Administration; therefore, we will be reducing activities.

Senator ROBERT RAY—Do you drive things to go through the last money for the year?

Dr Watt—In the end, Senator, it does not help you. You have still got to spend the money. Basically, with the efficiency dividend you spend less money. We do not have a lot of fat. You can draw on your cash for the short term. Agencies are able to run down their cash holdings and run at a loss. We do not encourage that. We do not do it ourselves because clearly that is a once-off. You would only do that if you had to go through an adjustment process. In 2008-09 we will be looking for an additional 2.25 per cent reduction in the resources which we use to deliver our outcomes, and that will result in some things that will not be delivered.

Senator MURRAY—You may or may not have heard my questioning of the Audit Office last night.

Dr Watt—Yes, I did.

Senator MURRAY—In some respects—definitely I regard the Audit Office in this respect—I regard Finance as a fiscal tool in minimising waste, reducing excess expenditure, with a target the government has set, as a contribution to fiscal conservatism and reducing inflationary pressures, so my main concern is whether this will reduce your ability to find and minimise waste, reduce unnecessary expenditure or highlight more efficient ways of operating the finances of the Commonwealth.

Dr Watt—The answer to that depends in part on how we are able to adjust our activities and where we are able to adjust activities to meet the additional efficiency dividend, but I think the point is this: the government has asked us to do a range of activities—and it is much broader than the particular thing you choose—with slightly fewer resources. That is what we will have to do. That means there will be some things that we currently do that we will not be doing. There are some things that we currently do that we will have to find a less expensive way of doing. That is all there is about it.

Senator MURRAY—It is one of the reasons that I want you to take it on notice because I think it is something that you need to think about and reflect on and come back to the committee about. I want you to tell the committee within the more narrow confines of my questioning whether, if I can summarise it, your role as a fiscal tool in this present environment will be diminished in any way.

Dr Watt—I am happy to take that on notice, when we have finished our budget review.

Senator MURRAY—Thank you, sir. I appreciate that.

Senator ROBERT RAY—When was the last time the government studied the overall effect that efficiency dividends have had over the years and their effect on big, medium and small agencies, which must have a different effect in each case, depending on the nature of what their job is? Has there ever been an overall study done of the efficiency dividend?

Dr Watt—It has been discussed from time to time, because, if you might remember, the dividend was increased in the 2004 election campaign for a three-financial year period. The increase was to end in 2007-08. There was some discussion around that increase. That was ex-post rather than ex-ante, if I remember correctly. I will have to refresh my memory, I think. I am not aware that there has been any substantial work done, at least not in the last several years, on the impact of the efficiency dividend. I think most people tend to regard it as part of the woodwork.

Senator ROBERT RAY—There seems to be a bit of a pattern. You get one imposed during an election period every three years.

Senator MURRAY—Without putting words into Senator Ray's mouth, there is the potential in some agencies of a certain size or a certain function where an efficiency dividend will actually produce inefficiencies—in other words, you will not be able to do the job you were set up to do.

Dr Watt—It is not impossible for that to occur, but where I have always differed is the thought that this was particular to some agencies of some size and some function. Yes, functions can matter: some functions are more flexible than others. I do not think size matters

much unless you get to really tiny agencies. I would have thought that finding 1½ per cent, or whatever the figure is, as tax commissioner for example, with a very large agency is just as hard and may even be harder than finding 1½ per cent for an agency with, say, a hundred people. It depends very much on what your functions are. I think that is the issue rather than size.

Senator MURRAY—I both agree with you and disagree with you because it does depend on the individual circumstance. I recall some years ago dealing with a problem for the Employment Esperance agency, which was a not-for-profit organisation. It had a budget of \$100,000 in the late nineties. They were asked to comply with the one per cent efficiency cut. On a budget of \$100,000, that really materially hurt them.

Dr Watt—But if the budget was \$100,000 for two people, and that was all you had, it might be hard. If you had a bundle of consultancies, it might be easy. Senator, if you want our efficiency dividend numbers, we are just getting them checked and we will be back to you in a minute.

Senator MURRAY—All right. Another item in the PAES caught my eye. Please forgive me if the question has been asked and I was not here or did not hear the answer, but there is a decrease in administered estimates for ministerial and opposition staff—a 30 per cent reduction, which is very considerable. For the year 2007-08, it is \$15.4 million rounded out, for 2008-09 it is \$27 million rounded out, and for 2009-10 it is \$27.5 million. Can you just briefly tell me what that is?

Dr Watt—I can, but I preface it by saying this is something that falls within Senator Faulkner's domain, as Special Minister of State, and it is an issue for the administration of parliamentary services. He might like to be here as part of this questioning.

Senator MURRAY—I just want to very briefly check: is it a reduction in the number of employees?

Dr Watt—Yes, that is correct. The current government made a commitment during the election campaign to reduce the number of MOP staff employees for members and senators. This is the working out of that.

Senator MURRAY—Okay. I was aware that that announcement had been made. But that is the cost.

Dr Watt—That is the saving.

Senator MURRAY—All right. Thank you very much.

Senator FIFIELD—I will start off with what are probably some inconsequential questions in relation to the rebranding of the department. I am wondering whether there are any costs in relation to the physical signage associated with the rebranding of the department.

Mr Edge—In relation to rebranding, you are specifically asked about signage, I think.

Senator FIFIELD—A range of things, signage to start with.

Mr Edge—In terms of signage on buildings, inside and outside buildings, the cost is around \$7,000.

Senator FIFIELD—Are there any costs associated with the website and the name change?

Mr Edge—Websites, the internet site and intranet site amount to approximately \$2,500.

Senator FIFIELD—Stationery?

Mr Edge—We decided that we would use existing stationery stocks with the old departmental name on it, so we are really only just replacing stationery stock as it is used, as in the normal course of business. So there have been no specific costs associated with destroying and reprinting material.

Senator FIFIELD—I am not sure if any staff in the portfolio wear uniforms. Are there any uniforms?

Mr Edge—No, there are no uniform costs.

Senator FIFIELD—Is there any branding on vehicles at all?

Mr Edge—I am not aware of any branding on any vehicles.

Senator FIFIELD—Have there been any software changes that might be required for things like generating pay slips with different titles on the top?

Mr Edge—I would have to check on that. I do not think, to the extent that there are any costs around—for instance, changing banners on pay slips—that they are very consequential. I think they would be very minimal, if there are any costs associated with those at all.

Senator FIFIELD—Senator Sherry, are you or officers at the table aware whether the Minister for Finance and Deregulation or the department have been working on any options which would involve significant cuts to income support arrangement for Australian pensioners?

Senator Sherry—I am certainly not aware of that. That would be part of whole-of-budget considerations. We would be unable to disclose that, if it were occurring. But as I understand it, it is not.

Senator FIFIELD—Can you get officers from the department—

Senator Sherry—I do not know whether there are any officers who can assist.

Dr Watt—Senator, could you repeat the question?

Senator FIFIELD—Certainly. I asked whether the minister at the table or the departmental officers are aware of any work being undertaken by the minister, or by the department itself, on options that might involve significant cuts to income support arrangements for pensioners.

Dr Watt—We are not able to confirm or deny.

Senator FIFIELD—Is that because you do not have an awareness?

Dr Watt—We do not comment on what we might advise government on these matters, full stop.

Senator FIFIELD—I was not necessarily putting it in the context of the current budget cycle. I imagine that, in the usual course of events, Minister, if there was not work being undertaken which would involve a reduction in income support to pensioners you would only be too pleased and would quickly say, ‘Absolutely not.’

Senator Sherry—We have already given a considered answer.

Senator FIFIELD—So you are not ruling out that work is taking place.

Senator Sherry—We have given a considered answer.

Senator FIFIELD—So, Minister, you cannot comment on whether savings options have been developed which might involve tightening the income and assets tests for pensioners?

Senator Sherry—I am unable to comment on savings matters.

Senator FIFIELD—Again you are refusing to rule out that the department of finance is undertaking work looking at savings options on the basis of tightening the income and assets tests for pensioners?

Senator Sherry—I have answered your question.

Senator FIFIELD—You had the opportunity to rule it out and *Hansard* will show that you did not take that opportunity. Minister, can you or your department confirm that savings options have been developed that involve tightening the eligibility for the Commonwealth seniors health card?

Senator Sherry—It is the same response as to the previous questions.

Senator FIFIELD—Minister, you might be able to assist the committee: can you recall whether your party in opposition had a policy to tighten the eligibility for Commonwealth seniors health cards?

Senator Sherry—If you wanted to ask about pre-election commitments in that area, you would have to go to the relevant minister or representative minister. I am not aware.

Senator FIFIELD—Again, I guess *Hansard* will show that you have declined to rule out tightening the eligibility criteria for Commonwealth seniors health cards. Minister, are you or your department aware that savings options have been developed that involve reducing the eligibility for the seniors utilities allowance?

Senator Sherry—Same response, same answer.

Senator FIFIELD—Same response—will not comment, refuse to rule out that that is currently happening.

Senator Sherry—Is that a question?

Senator FIFIELD—That is a question.

Senator Sherry—Same response, same answer.

Senator FIFIELD—And the response was?

Senator Sherry—It is on the record.

Senator FIFIELD—If you could repeat it for me.

Senator Sherry—I will not be drawn on these matters.

Senator FIFIELD—Minister, I am well aware of the practice of governments to neither confirm nor deny matters which may or may not be in the budget. But I also know that ministers and governments, when questions of this sort which go to something pretty

fundamental—whether that be pensioners' entitlements, utilities allowances or eligibility criteria for the Commonwealth seniors health card—are being raised, most ministers and most governments would not hesitate to say, 'No, absolutely, under no circumstances will we countenance a reduction in the pension. Under no circumstances will we countenance a tightening of eligibility criteria for the Commonwealth seniors health card.' I am actually stunned that you are not saying, 'Senator, absolutely not. We didn't say before the election we would do that, and we are not going to do it now. We have no intention of doing that.' I am actually quite stunned, Minister, that you are not prepared to say that.

Senator Sherry—Putting aside the theatrics and the fact that you are stunned but that did not stop you from the theatrics, you are well aware of the position that was maintained by the previous government over 11¾ years. I am aware of that, certainly for the six years prior to that when we were in government from 1990 to 1996, when I was in the Senate. I have answered the question.

Senator FIFIELD—What about something on which there has been a little more speculation, and that is the future of the baby bonus and whether there will be tightening of the income test for that?

Senator Sherry—Again, the same response.

Senator FIFIELD—So again you are refusing to confirm that there will not be a tightening of the eligibility criteria for the baby bonus?

Senator Sherry—I have given my response. I am being as brief as possible in the interests of time, and I have given my response. It is the same.

Senator FIFIELD—I appreciate that. Minister, can you confirm that none of these matters was raised nor were decisions taken at the strategic budget committee of cabinet on 17 December last year?

Senator Sherry—I am not a member of the strategic budget committee. I would make that point first and foremost.

Senator FIFIELD—No, but you are representing the minister for finance, who is.

Senator Sherry—But the response is the same as to the previous questions.

Senator FIFIELD—So the record will show that you refused to rule out that those matters were discussed or decisions taken at the strategic budget committee meeting of cabinet on 17 December 2007. Minister, I will finish at this point. You thought the word 'stunned' meant that I would be rendered speechless. I am stunned.

Senator Sherry—It certainly has not rendered you speechless!

Senator FIFIELD—I am not dumb struck, and I am not speechless, but I am absolutely amazed. I have never seen a circumstance where questions of this nature—something as fundamental as the pension and changes to it—are not being ruled out by a minister. I appreciate the context of the budget, but these are fairly straightforward, fairly direct questions in relation to entitlements for senior Australians, older Australians, Australians doing it tough, who would take these entitlements for granted. They would take them as read, as I think the Australian community would. So I must say I am very surprised that you are

refusing to rule out that that will happen. But, if you have no further comment, I guess I cannot take it any further.

CHAIR—Are there any further general business questions?

Senator RONALDSON—I have some general questions. I cannot remember who the staff member was this morning, Minister, but I did ask you whether the department had managed to engage the services of an independent auditor to audit the parliamentary allowance of members and senators, pursuant to an ALP national platform. I have an Australian Labor Party 44th national conference document from 2007. Was it the 44th national conference in 2007?

Senator Sherry—I have been to a few conferences in my time but I cannot recall whether it was the 44th or not, to be honest.

Senator RONALDSON—I suspect you and I both are probably wishing to make some comments about that but I will not do so! Principle No. 43 of this 44th national conference was:

In order to enhance the accountability of parliamentarians for their expenditure of allowances, Labor will table details of expenditure of travel and other allowances annually ...

I think that has already been done, hasn't it? Is it your understanding that it has already been done?

Dr Watt—I am sorry, Senator, I missed the question.

Senator Sherry—We will just clarify whether that has been done.

Senator RONALDSON—I think it has been done now. It goes on:

... and will establish an independent auditor of parliamentary allowances and entitlements with appropriate powers of investigation.

Given that appears to be official Labor Party policy—and I am happy to table the document—I will again ask you whether the department has been asked to engage the services of an independent auditor to audit the parliamentary allowance for members and senators.

Senator Sherry—Senator Faulkner will be able to assist you in respect to the MAPS area. But we have an officer here and we will try to assist you now.

Senator RONALDSON—I am just trying to get rid of some of these things that are sitting here.

Dr Watt—Senator, this is the point. It is an issue about ministerial and parliamentary entitlements. That falls under the ministerial and parliamentary services issue of Outcome 3. Senator Faulkner will be attending for questions on outcome 3.

Senator RONALDSON—The question relating to travel and other allowances, yes; that is quite right. I should not ask you because you do not talk about policy matters, but I will ask the minister: was it Labor Party policy to have an independent auditor appointed? Has it happened or not? That is hardly a trick question.

Senator Sherry—The simple answer is that I do not know.

Senator RONALDSON—It is your department. The department of finance—

Senator Sherry—I am not aware.

Dr Watt—I think we can answer whether one has been appointed, Senator.

Ms Mason—No such person has been appointed.

Senator RONALDSON—Has the department been asked to engage the services of a person to fulfil that role?

Dr Watt—As we said this morning, I think it is an issue that would be better discussed with Senator Faulkner, frankly.

Senator RONALDSON—I refer back to the long discussions we had this morning about the media purchasing function.

Dr Watt—In relation to media issues there is one point of clarification I should offer on this morning's discussion. We spent our time talking about the media buying function and what was transferred from the Department of Prime Minister and Cabinet to the Department of Finance and Administration and what was not transferred. What we should add by way of a footnote is that responsibility for AUSPIC was also transferred to the department from the Department of Prime Minister and Cabinet. These are the people who take the photographs of the Prime Minister and Leader of the Opposition. They have nothing to do with media buying, media coordination or media anything, but they were transferred from the Department of Finance and Administration and cabinet to us.

Senator RONALDSON—Do you have a centralised buying function? Is that what is being transferred?

Mr Lewis—Just in relation to the contract management role. That is all we do.

Senator RONALDSON—Explain that to me again.

Mr Lewis—We are responsible for managing the contracts that are in place with Universal McCann in relation to campaign advertising and in relation to non-campaign advertising, which is hma Blaze. The easiest way to think about the second one is that principally it is about placing advertisements, largely in papers. Substantial amounts are spent on job advertisements, for example, and that is all placed through hma Blaze.

Senator RONALDSON—My understanding was that you already had that function. Was that right?

Mr Lewis—No.

Senator RONALDSON—That was the department's role.

Senator Sherry—Senator Ronaldson, this issue was dealt with extensively and in detail this morning. The issues that you are asking about have already been asked and, I think, answered well in terms of detail.

Senator RONALDSON—Thank you very much for your input as to whether you think they were answered well. I think others will make that judgment.

Senator Sherry—The *Hansard* record will stand for itself.

Senator RONALDSON—Yes, you are right—

Senator Sherry—The *Hansard* record will stand for itself.

Senator RONALDSON—and there were some discussions about it this morning.

Senator Sherry—If you want to repeat questions from this morning, you will get the same answers.

Senator RONALDSON—If you will let me—

Senator Sherry—It is your time.

CHAIR—Senator Ronaldson.

Senator RONALDSON—Thank you, Madam Chair. This morning you described your function purely as managing two contracts. It was described by Senator Faulkner yesterday as the centralised media buying function or, as he said to Senator Minchin, ‘I think you and I would know it as the central advertising system.’ Is that what you see as your role?

Mr Lewis—Yes, correct. We are managing the two contracts, one in relation to campaign advertising and the second in relation to non-campaign advertising. In relation to print media, electronic media and television, as Mr Grant provided in evidence this morning, a rates setting negotiation is currently under way which sets the rates chargeable in relation to each of those outlets, and those are the rates that apply in relation to advertising campaigns that are pursued through the course of 2008. Of course, it is then a matter for individual agencies, if they require any advertising services, acquired in relation to that schedule of rates that is set by us under the contract at about this time of the year each year.

Senator RONALDSON—So your role is now contract management/central advertising system.

Mr Lewis—In relation to the central advertising system, that is what we do. It is the one section of the government communications unit that came across to Procurement Division because it is a central procurement function. As I mentioned before, we do a number of those, as I mentioned before, like the fleet monitoring group.

Senator RONALDSON—Minister, Senator Faulkner outlined a detailed announcement. Perhaps I should read it out:

I can also indicate to you, just given the time constraints, that in the near future I will be making a detailed announcement and statement about the new advertising arrangements that will apply.

Do you have any knowledge of that, or are you able to enlighten the committee as to what they might mean?

Senator Sherry—No. Beyond the details that were canvassed when I was here this morning, and I believe canvassed well, I have no further knowledge.

CHAIR—Any further questions?

Senator RONALDSON—Who does Comcover fall under?

Dr Watt—That falls under Finance, Senator, but you that is getting a long way from general questions.

CHAIR—We are still in general questions.

Senator RONALDSON—Sorry, Dr Watt?

Dr Watt—We are still in general questions, Senator. That one is getting a long way from a general question.

Senator RONALDSON—It is probably a matter for the chair and I to discuss rather than having an opinion from you about whether it is appropriate or not. I have four very quick questions. I can wait until later to get them dealt with.

CHAIR—We will wait until later. I think Senator Humphries has some questions.

Senator HUMPHRIES—I had some questions about the announcement by Minister Tanner on 4 February that government would be requiring departments and agencies to use Virgin Blue or other smaller airlines for at least 25 per cent of total work related travel on the Sydney to Canberra route. I understand from the media release that there will be a quarterly report to the government on how that is implemented or how well it has been implemented. Could you describe to me how that would work? In particular, how will it be enforced?

Mr Grant—We put out a finance circular advising agencies of the target. We will be asking them to provide us with details of the travel, starting from 1 April through to 30 June—that is the first quarter—and then quarterly thereafter. We are asking the top 25 agencies, the MAC agencies, essentially, to provide that detail because they cover the vast majority of the travel. It acts very similarly to the previous 10 per cent target that operated when Virgin and other airlines were previously operating on that route.

Senator HUMPHRIES—So it is a reporting requirement?

Mr Grant—It is a reporting requirement.

Senator HUMPHRIES—And there is some sort of directive from the minister to the agencies to aim for 25 per cent to be non-Qantas?

Mr Grant—There is a finance circular that advises the government's wish.

Senator HUMPHRIES—I understand that the previous targets that were set for non-Qantas flights were not met. I am not sure whether they were as ambitious as 25 per cent, but I understand that previously they were not met. I am wondering what you would do in the event that an agency comes back and says, 'We had only five per cent of our flights on airlines other than Qantas.'

Dr Watt—Senator, there are two things. First, if my recollection serves me correctly, the previous targets were achieved. I would have to take the question on notice to get that detail for you, but my recollection is that they were achieved by departments and agencies on average. I am not saying that every department or agency made the target, but overall it was achieved.

Secondly, the message to agencies is: the first and most important thing to do in relation to airlines is to achieve the best fare of the day. So, taking into account the travelling requirements of the officers concerned, the frequency of scheduling and so forth and the timing of meetings, et cetera, it is to get the best fare of the day available, given the business needs of the officer. If Virgin Blue has a very substantial proportion of the air traffic—and from what they told us about the flights that they are going to provide between Canberra and Sydney it is a substantial proportion; I do not know if it is exactly 25 per cent or more—they

will be substantial carriers. If they have a competitive price offering then we would see no reason why the target would not be met.

Senator HUMPHRIES—Okay, but that is not quite my question. The advice I have seen published in the *Canberra Times* suggests that Virgin's share of government business is only between eight per cent and nine per cent of government flights. Let us suppose that an agency comes back and says, 'We have only 10 per cent.' What do you do about that?

Dr Watt—That would depend very much not on the individual agency target but on the overall target. This is for the public service to achieve as a whole, not any individual agency. So if the public service as a whole were significantly not achieving that target we would go back and consult the minister. It would be a matter of whether he and/or the government wished to consider the issue further. But at the moment it is hypothetical. As I said, my recollection is that we did hit the targets last time, but we can confirm that and take it on notice, if you like.

Senator HUMPHRIES—If you would, that would be kind; thank you.

Dr Watt—As I said, if we were not to do it this time I think it would be a matter for the minister and the government what they wished to do. But the target is also set on the basis, for example, that Virgin maintains the level of scheduling it is currently proposing to do. If it were to cut its schedules in half then clearly the government would have to revisit the issue of the target.

Senator HUMPHRIES—My understanding is that airlines like Virgin, and previously Rex and so on, have been very competitive. But I would acknowledge that there are certain inbuilt incentives for public servants not to use airlines other than Qantas.

Dr Watt—I have to admit I would disagree with that. I think the issue last time between Canberra and Sydney—I am talking now about the Canberra and Sydney route—was that Virgin had seats, but they had up in the morning and back in the evening. That is not a competitive offering for someone who is trying to do a couple of meetings in Sydney and get back to work, nor is it a competitive offering if, for example, you get to the airport half an hour early and one airline offers you a place to work and another airline says, 'I am sorry; you will just have to sit around and wait for a flight somewhere with everyone else,' and you cannot pull out your laptop, plug it in and do your emails. This time I think it is fair to say that the offering Virgin is putting on the table is much more comparable with the competitors.

Senator HUMPHRIES—I have just two more questions. Why just Canberra-Sydney? And will the quarterly reports be tabled or published on the internet or something like that?

Dr Watt—On the latter issue at the moment there is no intention to publish the reports, because they are reports to government and reports to the minister. We could ask the minister whether he is willing to table them or not. You asked: why just Canberra-Sydney? I think the answer is that that is the bit of territory that Virgin has just re-entered.

[5.18 pm]

ComSuper
Australian Reward Investment Alliance

CHAIR—There being no further questions in the general area and no questions on 1.1, 1.2.1 or 1.2.2, we will move on to output 1.2.3.

Senator Sherry—I just indicate that in output 1.2.3, public sector superannuation advice, we normally deal with ComSuper and ARIA together. If there are any questions, could we deal with them together. We are just waiting for the officers.

Dr Watt—Madam Chair, you went through our outcome structure and you asked about output 1.1 and said that there were no questions on that. Can I send the relevant people back to the department, as we have been through that outcome?

CHAIR—Yes, I am happy with that. That is fine.

Dr Watt—Thank you very much.

Senator Sherry—I think we are set to go.

CHAIR—Just before we do, and while I have the opportunity, I want to place on record that we have released the witnesses from Health Services Australia and Australian Hearing as they are not needed.

Senator WATSON—To date have the outcomes of the superannuation administrative services met the expectations of government? I would like an answer from departmental officials and also from the department of finance, which oversees this.

Senator Sherry—Could you just repeat the question? I could not quite hear you, Senator Watson.

Senator WATSON—Outcome 1 refers to superannuation administrative services that meet the expectations of government. My question is: have the outcomes of the superannuation administrative services to date met all the expectations of government?

Mr Bator—I would like to believe that ComSuper has been achieving the outcomes that government, the ARIA board and the military super board expect of us.

Senator WATSON—Thank you. Ms Campbell or Dr Watt?

Ms Campbell—We work with both ARIA and ComSuper to make sure that the requirements of government are achieved. There have been a number of challenges over the last 12 months, including Better Superannuation and working on some of the previous government's changes. We continue to work with ComSuper to ensure that the expected standard of service to the members is delivered.

Senator WATSON—What are the criteria that you have used to come to that conclusion in terms of benchmarking, performance ratings et cetera?

Ms Campbell—I might pass to ARIA, who are the trustees of the schemes, to talk about the delivery of service from ComSuper.

Mr Carrigy-Ryan—We have an annual service provider review of ComSuper. What we do there is engage with our service providers—for example, our custodian, who has interaction with our administrator, ComSuper—and with our internal staff. We have a number of touch points—finance, member services, investment operations—and we assess the performance over the year on a whole range of factors.

Senator WATSON—It is those objective factors that I am interested in.

Mr Carrigy-Ryan—Yes, it is. They are objective in the sense of how you rate the service. I will come back to that point, but there are other services available. For example—and Leo can probably talk to this—ComSuper does partake in a worldwide survey of, primarily, defined benefit schemes. He can talk to that. But what we try to do is use the same sort of service provider review for our administrator as we do for, say, our custodian. They are objective industry estimates that we use to review their performance on an annual basis. The schemes are challenging. The old defined benefits schemes are complex and they have very complex rules. We are always going to have issues with scheme administration because of that but I would say, by and large, that the members of our schemes enjoy good schemes, get good service and enjoy a good outcome.

Senator WATSON—You mentioned that you use evaluations and feedback. What other objective criteria or performance measures do you use to assess the performance?

Mr Carrigy-Ryan—We do have service standards in place—for example, the time in which pensions or benefits might be paid; the time in which queries might be answered; the time in which benefit estimates might be provided; and all of that range of things that are reasonably standard in the industry. The performance of our administrator is competitive. We would like to have improvements—there is no doubt that every trustee in Australia would of their funds—but the standards we use are objective and reasonably standard industry standards.

Senator WATSON—Could the committee have copies of those sorts of reports, or would it be confidential and affect your competitiveness?

Senator Sherry—I am always willing to assist. I would like to have a look at the reports first. I am aware of a couple of the documents. I am just concerned whether there will be any commercial disadvantage that these instrumentalities may suffer. Subject to that, I am certainly willing to make them available to you, Senator Watson.

Senator WATSON—When answering a question earlier, Ms Campbell said that the administration had to face a number of challenges during the year. Could somebody elaborate on those challenges and how you overcame them?

Ms Campbell—I think that is one that it is probably best for Mr Bator to answer.

Mr Bator—We have had to deal with some issues because there have been quite a lot of legislative changes in the past 12 to 18 months. These have certainly challenged our administrative platforms, which are old legacy systems. The previous government recognised that and allocated some funding for ComSuper over the next three years to upgrade our systems. The sorts of challenges that we have confronted are that the system does not cope well with some of the legislative changes that have gone through. For example, the fund allocation rate, which is otherwise known as the negative gearing or negative interest rate, is not a thing that our systems were able to cope with. So one of the issues for us is that we are now confronting much more manual processing than would have otherwise been the case, but we are working to a plan to deal with those and we are confident that over this next six to seven months we will overcome some of the difficulties which Ms Campbell has pointed to.

Senator WATSON—Did your administration have trouble in applying the September superannuation changes to your benefit funds?

Mr Bator—Are you talking about the legislative changes that occurred in September?

Senator WATSON—Yes.

Mr Bator—Is there any one in particular that you might point to there?

Senator WATSON—One fund has indicated that it took considerable time to train staff in the changes that were required. I am just wondering how ComSuper coped with that.

Mr Bator—Of course training staff in complex schemes such as the DB schemes that we are dealing with is complex, and it is an ongoing task for us. We have a very good training program in place which I believe sets us up quite well for that. But any change is a challenge. I think we have the mechanisms in place by and large to recruit and train people. Our main problem is not so much training; it is retaining skilled staff. The market we are in—in Canberra in particular—means that if we give people good customer service skills, good scheme knowledge and that type of thing, they are very marketable. So we are pretty well organised to train, but retaining is an issue.

Senator WATSON—So you have been able to provide the management systems to cope with those changes?

Senator Sherry—Senator Watson, I indicate just briefly—and I am sure that, given your question, you would be aware of the extent of this—right across the superannuation industry in public and private funds, the implementation of Better Superannuation and other rule changes that have occurred over a number of years have been challenging for administration and IT software systems.

Senator WATSON—That is why I am asking these questions.

Senator Sherry—There are some issues that Mr Bator has referred to in respect of the public sector DB but also the same challenges in terms of staff retention and to the implementation of AML. They are all reports to me consistently across almost every fund that I have had contact with in the last year or 18 months.

Senator WATSON—Following on from that response that you have been able to cope and have coped well—admittedly, it has been a challenge—have any members experienced a significant delay in determining and making their payout?

Mr Bator—We have had delays. There is no doubt that it is not in the service sphere that we would like. Our service standards have slipped out, particularly around payments, particularly where the calculations required manual intervention because the systems basically were not up to that. We are getting over the top of that. We certainly have had people who wished that we had got the benefits out to them, particularly in a market where the returns have declined over the last little while. We have certainly had some issues around that. Looking at it over the last couple of days we are certainly making good inroads into any backlogs we have. In fact, we are starting to task up a group of people to make sure that we can deal with those more effectively.

Senator WATSON—Obviously you have backlogs. How long does that backlog extend? Are we talking about months or a year? What is your backlog?

Mr Bator—We have had delays for around seven months, I think.

Senator WATSON—Seven months?

Mr Bator—We have had backlogs for seven months. That does not mean that any case is seven months old. So we have been outside our performance standard for some time, and that has really come from the beginning of the year. In terms of the oldest case, I know that our standard is six weeks to make benefit payments and very few cases exceed the six weeks.

Senator WATSON—What would be the longest case outstanding on your books at the moment?

Mr Bator—I do not have that information to hand but I would hate to think it was more than eight weeks. One of the issues that we are confronting is that oftentimes people seek a benefit application and we then have to get more information from them. Probably the majority of our problem is around the fact that we have manual work to do. We have to seek additional information from people and from employers, which is primarily what is causing us delay. But I can certainly get that information.

Senator WATSON—What standard is set for you by ARIA in the time taken for a normal benefit payment?

Mr Bator—Ten days is the standard that we work towards.

Senator WATSON—Ten days? So you have perceived a significant slippage in this area?

Mr Carrigy-Ryan—That sort of timescale is a standard industry one for, say, an accumulation plan. In relation to defined benefits, yes, we obviously have a standard which we think is reasonable and at market. But, as Mr Bator has indicated, there are some other factors at play.

Senator WATSON—Would you tolerate a scheme where a payment had been delayed since, say, last July and still not been paid?

Mr Bator—No, I probably would not. The question is: do we have all the information necessary, and has the person provided us with the information? I am certainly aware of cases where we have sought information, and the information has not been provided.

Senator WATSON—Where there is an error on the part of ComSuper do you find it unusual to expect a beneficiary to have to appeal that issue?

Mr Bator—I would find it unusual. But, if it were ComSuper's error, that of course—

Senator WATSON—Or an errors of one of its advisers or staff?

Mr Bator—That may well be the allegation or the claim. Of course, if we went to appeal we would be viewing it as not being our fault, or that it was some particular issue. We would not do it as a matter of course.

Senator WATSON—Such an appeal does not have to be ticked off by a minister, does it? That is within the purview of the department or ComSuper?

Mr Bator—Obviously, the minister would be advised if there were an issue, I am sure, but it is really a question for ARIA.

Senator WATSON—That would be a systemic issue, would it not?

Mr Carrigy-Ryan—The answer is that it depends on nature of the claim: if it is a clerical error an adjustment will be made to amend it; if a claim is made and it is disputed by us, for whatever reason, it would go through the same process that any claim would be put through.

Senator WATSON—That is very good; it has been good oversight. To date have the outcomes this year in respect of investment returns met the expectations of employers, members and beneficiaries?

Mr Carrigy-Ryan—For our longer term reporting periods—three, five and 10—we have a target to achieve a minimum return of seven per cent, with a real return of 4½ per cent. For all those reporting periods we have exceeded that.

Senator WATSON—What about the year to date so far?

Mr Carrigy-Ryan—In the year to date the markets have been very volatile. As at the end of January our default funds—the CSS and the PSS, for example—are returning about a negative 1.4 per cent for that seven-month period.

Senator Sherry—I just indicate, Senator Watson, and I am sure you are aware of this, that there are still four months of the financial year to go. I think we should be cautious about assuming that whatever is the rate of return today, or as at last week, will be the rate in four months time.

Senator WATSON—It might be better; it might be worse. That is the nature of the investment cycle. In respect of the accumulation funds under ComSuper's responsibilities or oversight, have any investments involved such things as hedge funds, derivatives, margin lending? Has there been any exposure to US sub-prime lending? Would you answer each of those questions separately?

Mr Carrigy-Ryan—I will take them from the top, if I can. In relation to sub-prime, no, we have a lower exposure to sub-prime than most others, for the simple reason—

Senator WATSON—But you have some exposure?

Mr Carrigy-Ryan—I think every fund somewhere, somehow probably has an exposure. For example, if you looked at one of the major national banks that released reports yesterday, I suspect most funds would have an exposure to that stock.

Senator Sherry—Are we talking about direct or indirect exposure?

Senator WATSON—I am talking about exposure. You can break it up if you like.

Senator Sherry—I just wanted to clarify that.

Mr Carrigy-Ryan—The answer is we have no direct exposure. We have indirect exposure, like other market players, through the example that I just gave. In relation to those other issues that you raised, we do have investments in hedge funds.

Senator WATSON—You do?

Mr Carrigy-Ryan—We do.

Senator WATSON—What proportion of the assets under management are in hedge funds?

Mr Carrigy-Ryan—I would have to check that, and get you a current figure on that. It would be of the order of four to six per cent.

Senator Sherry—We will take that question on notice.

Mr Carrigy-Ryan—We will take that question on notice and I will come back to you.

Senator WATSON—Derivatives?

Mr Carrigy-Ryan—Directly, none.

Senator WATSON—Indirectly?

Mr Carrigy-Ryan—Again, our hedge funds may have some derivative exposure. What was the other class of assets?

Senator WATSON—You have not sought any leverage through derivatives?

Mr Carrigy-Ryan—No, our funds are not leveraged. We have to comply with the SIS requirements so we are not allowed to leverage the funds.

Senator WATSON—But you will take that question on notice?

Mr Carrigy-Ryan—I will take that question on hedge funds on notice and come back with a current number for you.

Senator WATSON—Referring to administration, have any hedge funds or like investment bodies sought securities in the provision of a fee to assist those hedge funds or others in a short-selling exercise?

Mr Carrigy-Ryan—Could you repeat the question?

Senator WATSON—I will explain the general situation and I am asking whether it might apply to you. A technique applied within the industry—and it has extended to some superannuation funds—is that hedge funds or other players have sought to get blue chip investments from superannuation and others as part of a short-selling exercise. I am asking whether any of the funds under ComSuper's oversight have been involved in such lending of scrip for the purpose of others being involved in short selling exercises.

Mr Carrigy-Ryan—We have in place what we call scrip lending arrangements with our custodian, whereby our custodian lends stock. So our exposure is only to our custodian. So our credit risk is there, but directly to—

Senator WATSON—So you might be involved in this? You think you might be involved in this through your custodians lending their scrip?

Mr Carrigy-Ryan—I think you would find that most custodians in the Australian market would lend scrip for a whole range of reasons, and those reasons could include—

Senator WATSON—Including short selling?

Mr Carrigy-Ryan—They could include that. They could include a settlement delay, for whatever reason that happens in the market. There could be a whole range of reasons.

Senator WATSON—Given the volatility that this trade has given to the stock market, are you happy, or is the government happy, that scrip is being lent by ComSuper custodians, even

for the purpose of short selling? So you do not ask the question; you just say, 'It's a normal practice.'

Dr Watt—I think it is question not for ARIA but for the government.

Senator WATSON—I don't mind who answers the question; I just want to make sure that ComSuper is not engaged in these highly volatile activities that impact quite significantly on the market price.

Senator Sherry—I understand your concern. It is a question for the board, the independent, arm's length board, to make decisions in overseeing the investment.

Senator WATSON—The ARIA board is now passing it back to ComSuper administration. I would have thought it would have been a policy issue for ARIA.

Senator Sherry—The board, in effect, is the trustee—the entity to make the decision, or at least oversight the recommendation. On the more general issue, Senator Watson, I indicate that perhaps it might be an issue more appropriate for discussion at ASIC or Treasury/economics tomorrow. I do not intend to make any comment, as minister, about those types of market issues here today.

Senator WATSON—I am not asking you; I am asking the participants at the table—the administrators of ComSuper and the people who oversight ComSuper—whether they have any sorts of restrictions. What sort of fee do you get for lending scrip? Is it a profitable business? What is the extent of lending scrip?

Mr Carrigy-Ryan—Can I make two comments for clarity. First, the investment of the funds is the responsibility of the trustees—that is ARIA, not ComSuper. ComSuper are not involved in investment. Second, we have an agreement with our custodian—I do not have those details with me—in relation to scrip lending. I can obtain those details and provide them to you.

Senator WATSON—I would like to know the sorts of returns that ARIA might get for ComSuper lending script to a whole host of players in the market, including hedge funds. What sort of security is there? Have any of those dealings involved Tricom? Are they on the books?

Mr Carrigy-Ryan—As I mentioned to you earlier, our counterpart in any of those is our custodian.

Senator WATSON—Yes, but you are responsible for what your custodian does. Your responsibility goes right through the system. You cannot say that you are just responsible for the administration. Superannuation is divided into a number of segments, one of which involves custodians. Custodians are an integral part of what I would regard as your oversight responsibilities. So I will not accept the premise you are putting forward that you do not have those responsibilities; that they are the custodian's responsibilities. I would have thought that ARIA's responsibilities covered all aspects of ComSuper. Is that correct, or am I not correct?

Mr Carrigy-Ryan—That is quite correct. I was not saying that it was not our responsibility; I was saying that our risk lies with the custodian, not with the party with whom the custodian may deal. But, as I indicated to you, I do not—

Senator WATSON—But do you not provide limits to which the custodian can undertake these sorts of—

Mr Carrigy-Ryan—Yes, there are prudential limits and a whole range of other things in the contractual arrangements we have. As I mentioned to you, if I can take that question on notice I will get the detail and provide it to you.

Senator WATSON—I would like to know what are the limits, the amount of money involved and the fees that ARIA, or ComSuper, receives in these exercises, which may involve short selling of scrip and lending of scrip. I am just surprised that you are into this area. Obviously, it is for commercial gain, but I think a standard has to be set by government and government agencies.

Senator Sherry—The officer has indicated that he does not have those details with him. Knowing your interest—

Senator WATSON—I think you would be interested in that one too.

Senator Sherry—Yes. Firstly, it is commercial in confidence and, secondly—

Senator WATSON—We have to be careful on this one. This is too high a figure. As a parliamentarian I am not sure whether I will accept that it is commercial in confidence. I will take a figure in confidence, but I would like to be sure that I am going to get a figure. It has been hidden under a masquerade of in confidence.

Senator Sherry—There are a board of trustees who are statutory, independent and arm's length. I suspect—although I would need to confirm this—that it is their decision. I am happy to request that subject to commercial in confidence. I know your interest in this area and I am happy to make that request and to take the question on notice.

Senator WATSON—But that decision is still oversighted by ARIA, is it not? You do not just say, 'This is the responsibility,' because you are the conduit to this parliament. We expect, through that conduit, that trustees' decisions are monitored and, in a sense, regulated, or limits are set on what they are doing. You get their minutes and you know the parameters under which the board operates. There are such parameters that you establish, are there not, for the board, or do they act quite independently?

Senator Sherry—I do not believe that the ministers and the government regulate in that sense. We have an arm's length independent board that is appointed.

Senator WATSON—No, I did not say that; I said that ARIA is the conduit between ComSuper and the parliament. That is why I am asking my questions. Does ARIA set parameters within which the board operates in certain sensitive matters?

Mr Carrigy-Ryan—ARIA is the trustee board and, yes, it has a range of prudential standards under which it operates, including all those that apply to a licensed trustee that operates in the superannuation industry. Additionally, it is a statutory corporation established by the parliament, so we have all the reporting and other obligations that such entities have; hence our presence at these hearings and so forth.

Senator WATSON—Would you table those parameters in which I am interested? Those are all the questions I have.

Mr Bator—I have some more information about the current average benefit processing time. It is 16 days.

Senator WATSON—Thank you. You have that information, do you?

Mr Bator—You asked what was the average current processing time. It is 16 days.

Senator WATSON—Sixteen days? That is very good.

CHAIR—Are there any further questions?

Senator Sherry—I just had a general request from some of the witnesses, through my staff. Are we in a position to indicate when the Department of Human Services is likely to be called on? I know that there are a couple more programs in Finance.

CHAIR—I think it will be quite some time, Senator Sherry. We have been trying to ascertain the remainder of the evening, but with no joy at this stage, I am afraid. Hopefully we will have a better indication when we come back after dinner.

CHAIR—Are there any questions on output 1.2.4?

Dr Watt—Was it output 1.2.2?

CHAIR—We have gone past that. You have to put those on notice. We are dealing with output 1.2.4, Office evaluation and audit, Indigenous programs. There being no questions, I move to output 1.2.5, Deregulation and regulatory reform. There being no questions, I move to output 2. Are there any questions on this block at all?

Senator Sherry—No.

CHAIR—We will move to output 3.

Dr Watt—That is ministerial and parliamentary services, Madam Chair. I think Senator Faulkner would like to be here for that.

Senator Sherry—He is the responsible minister. Can we have a five-minute break.

CHAIR—We will recess for five minutes.

Proceedings suspended from 5.53 pm to 6.00 pm

Senator FIERRAVANTI-WELLS—I thought I would deal firstly with ministerial staff and ask some questions about that issue.

Senator FAULKNER—Certainly, Senator.

Senator FIERRAVANTI-WELLS—I will take you to the yellow book—the portfolio additional estimates statement—and through the expense measures for outcome 3. I notice in the budget a 30 per cent reduction for ministerial and opposition staff. As I read it, it is \$15 million.

Senator FAULKNER—Senator, as you have indicated, in broad terms there is a reduction of 30 per cent in ministerial and opposition staff for a saving in the 2007-08 financial year of \$15.431 million.

Senator FIERRAVANTI-WELLS—I have seen various press statements but I thought that I might start from scratch and ask you if you could explain these issues in detail. At the estimates hearings on 23 May last year I think you asked for the figure for ministerial staff

when the Keating government lost office? I think the figure of 364 was given in answer to your question—and the figure for opposition staffing at that time was 74. That is how you got to that 21 per cent. I take it that that is that formula?

Senator FAULKNER—No. My understanding is that the formula was applied in 1996 by the incoming Howard government. I am just going on my recollection, but officials beside me are nodding their heads in agreement. It was a mathematical calculation. Because the then opposition staff—in that case it was the former Liberal-National Party opposition at the time of the election of the Howard government—was 21 per cent as a proportion of the ministerial staffing of the Keating government, the policy of Mr Howard's government was to apply that mathematical formula—which has been applied every year since then; and, as I am sure you are aware, annualised adjustments have been made. You may also be aware, but let me just be clear for the record, that the same proportionality approach was taken on the election of the new Rudd government. That is the history of it. I think it applied more to a mathematical calculation made at the time that Mr Howard came into office as Prime Minister.

Senator FIERRAVANTI-WELLS—Can I take you then to any consultants—

Senator RONALDSON—Minister, it was my understanding—and I do not have anything in front of me that would indicate the veracity of it—that in March 2006, or thereabouts, there was a review of staffing allocations and there was some contact between the then Leader of the Opposition and the Prime Minister in relation to staffing levels. Was there a methodology discussed and agreed between the two in relation to staff? I do not know whether it was additional staff or current staff. Can you just clarify that for me?

Senator Faulkner—Which classification.

Ms Mason—Staffing allocations are reviewed in March each year. The proportion of a 21 per cent allocation to the opposition is maintained and updated at that time. The matter to which you refer relates to a discussion about or an interchange of correspondence about the classifications of the opposition staff.

Senator Faulkner—In other words, Senator, to be very clear to you, it related to the internal classification structure of the staffing establishment as opposed to quantum. I think that is a fair summary of what that related to.

Senator RONALDSON—Was there a methodology discussed or agreed as a result of that exchange?

Senator Faulkner—I will ask officials to comment on that. There was certainly an outcome, and I will ask officials to speak about the methodology.

Senator RONALDSON—Also as part of that, has that methodology been used by the incoming government in relation to any staffing allocation that was required?

Senator Faulkner—I will ask officials to speak about methodology because I was in no position to know what methodology may or may not have applied.

Ms Mason—Your question, in so far as it is historical, related to a one-off adjustment in classification. As to the methodology for determining the classifications for allocation to the staff of the opposition after the election, that would be a question better directed to the Department of Prime Minister and Cabinet.

Senator ROBERT RAY—The 2006 decision was taken because all government staffers got a big pay rise prior to that and the opposition were overlooked. In fact, we almost got an apology from the government because we had been overlooked. So then they classified some of the positions up to give some equality and rise to equal what had happened in the government. That is evidence that was given at this committee beforehand.

Senator RONALDSON—I am not actually reflecting on anything.

Senator Faulkner—No, but you have asked about the methodology. Frankly, I am not in a position to comment about the methodology that applied in 2006 and the officials have provided that answer.

Senator RONALDSON—We keep on getting referred back to various departments. You have answered a question from my colleague in relation to staffing levels and you talked about the 21 per cent. I am asking you about staff allocation: whether there was a methodology agreed between Mr Beazley and the former Prime Minister in relation to staffing, whether that involved a formula that was above or below whatever had been in existence and whether that methodology was required to be used again this time around.

Senator Faulkner—The methodology used was a decision of a previous government that I am not privy to, and I can only seek advice in those circumstances from officials at the table to attempt to answer your question in relation to any methodology that may have applied.

Senator RONALDSON—Rather than referring back to PM&C, are you prepared to take that on notice?

Ms Mason—Perhaps I can elaborate, to the extent that I am able to. The 2006 matter that you referred to was a one-off request for a particular methodology to be used. That was agreed in relation to the review conducted in that year. It is very much a matter for the Prime Minister of the day to determine the allocation and the classifications of the staff of the opposition. The allocation after the election was done by the Prime Minister. We are under aware of the methodology that was used to make that decision.

Senator RONALDSON—You say that it was only for one year?

Ms Mason—Yes. I am not aware that the methodology used in that year was agreed to be used into the future.

Senator RONALDSON—What was the methodology in that year?

Senator Faulkner—I think the point being made, and officials will obviously assist you where they can, and I am sure you will appreciate that, is that both the quantum of ministerial staff and the classification of ministerial staff are decisions that are made by the Prime Minister. That is the primary point being made here. Obviously we are keen to assist you if we can with any further and better advice about the information.

Senator RONALDSON—Minister, what I am obviously asking you about is the fact that there was a methodology agreement in—

Senator Faulkner—No, that is not—

Senator RONALDSON—There was an agreement.

Senator Faulkner—I cannot—

Senator RONALDSON—If you do not know, that is fair enough, but I am putting it to you that there was an agreement between the former Leader of the Opposition and the former Prime Minister.

Senator Faulkner—No, Senator, I think you misunderstand. My concern is with your use of the term ‘agreement’. There have been a range of issues, differences, debating points and arguments contested over a very long period of time, as you would be aware, between oppositions and governments on these issues. There is no suggestion that I have heard or that I know about that any agreement at any stage was raised. However, it is true to say that issues and concerns have been raised. I think that your use of the word ‘agreement’ is not an accurate representation of the situation.

Senator RONALDSON—Well, Minister, there was an outcome.

Senator Faulkner—Yes, I said that before.

Senator RONALDSON—There was an outcome, so presumably there was some agreement to get an outcome.

Senator Faulkner—I did say to you before, Senator, that there was definitely an outcome, but you are stressing that there was an agreement. I am not aware of any such agreement; I am doubtful that there was. But officials will try and assist you with process.

Senator RONALDSON—Minister, my understanding is that a new methodology was put by the former Leader of the Opposition to the former Prime Minister and that that was implemented. So, whether you say there was an agreement or not, there was a proposal put and a proposal accepted, and that was for a new methodology. I want to know what the new methodology was.

Senator ROBERT RAY—That is because you went to AWAs and everyone else in the opposition was left behind.

Senator RONALDSON—Perhaps we could just hear from the minister.

Ms Clarke—I will ask my colleague to jump in if my memory does not serve me correctly, but there was a one-off agreement between the leaders of the parties in March 2006, which sought to change the profile.

Senator RONALDSON—So it was an agreement.

Ms Clarke—There was a one-off agreement. It certainly was not brought into the methodology on an ongoing basis. On my understanding, it was a one-off agreement as part of that 2006 review. There was a concern expressed by the then opposition that the increases in staff that they had received as a result of the March reviews in the past were actually at a classification slightly lower than the then government’s profile. This was a request that the additional staff who were approved during the March review to keep up to the 21 per cent were given a classification at a higher profile that reflected the government’s staffing profile at the time.

Senator RONALDSON—Was that methodology reviewed in—presumably—March 2007?

Mr Miles—Senator, perhaps I can assist there. My colleagues are correct in their recollection. The methodology for the March reviews always applied a profile which was the same profile which existed in the opposition staffing as at 1996. That was the agreed methodology. In 2006, the then opposition leader asked that the outcome based on that methodology be varied, and it was. The classifications of the positions that were allocated then were reviewed by the Prime Minister. They were, in most cases, allocated at a higher classification, but at no stage was any indication given that this was a change to the ongoing methodology of the review.

Senator RONALDSON—Were the proposal and the response in writing?

Mr Miles—The outcome that we are advised of is simply an indication from the Prime Minister—‘I have reviewed the allocation and the levels now allocated are X.’

Senator ROBERT RAY—Can I check—you were told this in August that year, weren’t you? There was a five-month delay where the opposition did not get extra staff—

Senator RONALDSON—It was some months after the—

Senator ROBERT RAY—five months. Isn’t it also true that, once AWAs came in, it led to differential treatment between the government and the opposition?

Senator RONALDSON—Is that a question?

Senator ROBERT RAY—The moment the Prime Minister found out about it, he fixed it up. He did not know about it but, when he found out about it, he fixed it up.

Senator RONALDSON—There seems to be an enormous amount of corporate knowledge about this, but there is no agreement that there was an agreement. In March 2007, was there any review of the 2006 methodology?

Mr Miles—The allocation in 2007, as I recall, simply kept the same profile that had been established in the preceding year.

Senator ROBERT RAY—Was that the recommendation that the department made to the Prime Minister, or was it a different recommendation that the Prime Minister knocked back?

Senator RONALDSON—The methodology that was agreed to in 2006 was reconfirmed in 2007.

Mr Miles—No, that is not correct. The methodology had not changed. The methodology simply was that each year, once the quantum of petitions to be allocated was determined, they would be allocated in accordance with the existing profile. The profile was adjusted in 2006 as a result of a request from the then opposition leader. So in 2007 any allocation that was made was made in accordance with the profile that was established in 2006.

Senator RONALDSON—Can I then go back to where I started. Was the 2006 methodology, which was then maintained in 2007, used in the allocation of staffing by the new government?

Ms Mason—I say again it is the prerogative of the Prime Minister—

Senator RONALDSON—I am not asking you that. I am just asking whether it was the same methodology. If it was not, tell me; if it was, tell me.

Ms Mason—I think I answered that question earlier. We are unaware of the methodology used by the Prime Minister to make the allocation.

Senator RONALDSON—Can the minister answer the question? He must know, surely.

CHAIR—There is a point of order before the chair.

Senator ROBERT RAY—You will have to guide the witness, Chair. Senator Ronaldson has asked basically whether the profile is the same now. You administer the profile; you do not determine it. Senator Ronaldson is asking whether the profile is the same now, along the same lines as 2007 and 2006. That is a legitimate question that this committee can have an answer to. He is not asking how it was determined, because that happens over in the Prime Minister's area. I have to support you here, Senator Ronaldson.

Senator RONALDSON—Thank you. That was simply my question.

Senator Faulkner—I understand that. But what I believe officials are not able to provide for you, Senator, so we are clear, is an answer to the question of methodology, which is not a matter for ministerial and parliamentary services. However, let us now deal with the substantive issue of relativities in relation to the profile.

Senator RONALDSON—No, Minister, I asked you whether the methodology that the new government used was the same methodology used in 2006 and 2007. Are you telling me that you reverted back to the 1996 methodology? What is the answer? Did the Prime Minister use the same methodology that was used in 2006 and 2007 or was there a reversion to a previous methodology? It is quite a simple question. Senator Ray has already supported me—it is quite reasonable question. Either you know the answer or you do not.

Senator Faulkner—You just asked a different question again. My understanding is—and it is only in broad terms; I will need officials to provide precise evidence to you, which I think is appropriate in these circumstances—

Senator RONALDSON—I accept that.

Senator Faulkner—My understanding is that you will find that the current profile of opposition staffing has been slightly enhanced when compared to the previous profile. That is my understanding. But I would much prefer officials to provide a precise comparison or precise relativities to you in answer to your question.

Senator RONALDSON—The officials, quite rightly, cannot answer the question: on what basis did a Prime Minister do A, B, C or D?. What I am asking you is what methodology was used. I am asking you, as the minister responsible: is the methodology the same that was used in 2006 at the request of the then opposition leader and again, apparently, reconfirmed in 2007?

Senator Faulkner—Given that the outcome is, as I have indicated, slightly enhanced in favour of the opposition, I do not like making assumptions at Senate estimates committees but I assume there was some difference in methodology. I do not like making assumptions. That is why I would much prefer to deal precisely for you with outcomes so we can be absolutely clear. The comparison I have available to me compares the numbers of positions on 17 October 2007 and 1 February 2008.

Senator RONALDSON—With the greatest respect, you are pleading a case for the outcomes of a methodology. I am asking you what the methodology was.

Senator ROBERT RAY—Well, you have got to ask that in PM&C.

CHAIR—Yes.

Senator ROBERT RAY—We had to.

Senator Faulkner—I have explained this any number of times.

Senator RONALDSON—Senator Ray, the reality is that Senator Faulkner is quite happy to take a question from my colleague in relation to staffing, so why does this suddenly have to be reverted back to PM&C?

Senator ROBERT RAY—Let me explain it to you.

Senator RONALDSON—You are either going to answer the question or you are not.

Senator ROBERT RAY—The reason why is that the PM sets the level of staffing. This department then executes everything else on that order.

Senator RONALDSON—We have got the Special Minister of State here. Come on, let us not play these games.

Senator ROBERT RAY—Time and time again I asked questions here about staffing and I got sent back to PM&C. Why not you?

Senator RONALDSON—We have got the Special Minister of State who is not involved in this—come on! Let us be sensible about it.

CHAIR—Senator Ronaldson, you have asked your question. Senator Faulkner is attempting to answer.

Senator Faulkner—I would like to provide the answer to Senator Ronaldson. I go back to the opposition staffing establishment numbers at 17 October 2007 and compare them to the numbers at 1 February 2008. The total number for the opposition at 17 October 2007 was 98. The total number at 1 February 2008 was 70, as you know, because there has been a reduction across the board of 30 per cent. But in relation to the internal classifications, this is the outcome that I can report to you precisely. At 17 October 2007, one chief of staff, and that is one per cent of the total; in 2008, one chief of staff, and that is 1.4 per cent of the total. Senior adviser/leader, one in 2007, and that is one per cent; in 2008, one adviser/leader, and that is 1.4 per cent. Senior adviser, eight in 2007, which is 8.2 per cent; six in 2008, which is 8.6 per cent. Again, for all three of those categories there is an increase of 0.4 per cent. For media adviser, senior, the total in 2007 was five, and the percentage of total was 5.1 per cent. In 2008 it is three, and 4.3 per cent, which is a reduction.

Senator RONALDSON—Madam Chair, I am—

Senator Faulkner—I am going to through this so you—

Senator ROBERT RAY—I am interested in this answer.

Senator RONALDSON—We had a discussion on this about three hours ago and I thought we had some agreement in relation to the way things are going to be conducted.

Senator ROBERT RAY—You are not getting the answer you want, so you interrupt it.

Senator RONALDSON—You are absolutely right—I am not getting the answer I want.

Senator ROBERT RAY—Because it disproves your point. Now sit there and cop it.

Senator RONALDSON—I have asked a question about the methodology. Are you going to answer that or not?

Senator Faulkner—I have said to you, and I repeat: I can only provide accurate information here to this estimates committee. I have described the staffing profile of the current opposition, I think very fairly, as a slight enhancement. It is that, Senator, and I am going through and demonstrating that.

Senator RONALDSON—Minister, with the greatest respect, in response to the questions from Senator Fierravanti-Wells you actually talked about methodology and referred back to 1996, from my recollection.

Senator Faulkner—I am sorry, Senator. I have consistently said at this estimates hearing—and I believe the *Hansard* will show—that I can talk about outcomes. Because the outcome is slightly different and a slight enhancement for the opposition in terms of the seniority of the staffing profile, obviously the methodology is by its nature slightly different because it is a slight enhancement for the opposition.

Senator RONALDSON—Why won't you tell me what it is? You referred back to 1996. You have talked about a methodology—

Senator Faulkner—I am now working—

Senator RONALDSON—Why aren't you prepared to answer the question?

Senator Faulkner—The original methodology is one that applied, as you know, some time ago. It was not a matter for the current government. It was a matter for a previous government if a particular methodology applied or a decision was made by the previous government—which I do not know. This is a decision of a previous government—and you would appreciate the significance of that—that this minister and this government are not aware of.

Senator RONALDSON—The methodology, which I suspect Senator Ray knows about because he knows all about March 2006 but actually said it was not implemented until August 2006—

Senator ROBERT RAY—That is right. We got duded.

Senator RONALDSON—Clearly, there is corporate knowledge about this and the officers referred back—and I think you did as well—to 1996. I then put to you: was there a change of methodology as a result of discussions between the then Leader of the Opposition and the then Prime Minister? The answer to that was 'yes'. I was then told that in 2007 the changed methodology was used again for the forthcoming period in 2007. I have now asked you whether the same methodology which was introduced in March 2006 and reconfirmed in 2007 was the same methodology that was used in the allocation of staffing by the new government.

Senator ROBERT RAY—The PM would know.

Senator RONALDSON—I do not think it is a terribly difficult question.

Senator ROBERT RAY—It was just asked in the wrong committee.

Senator Faulkner—It is not a question that—

Senator RONALDSON—So it is a good question but the wrong committee? We are back to that, are we?

Senator Faulkner—It is not something that officials at this table can provide an answer to. It is a matter that is for decision by the Prime Minister.

Senator RONALDSON—But you are the Special Minister of State. You have responsibility for this.

Senator Faulkner—Indeed I am, Senator.

Senator ROBERT RAY—So was Senator Abetz and he could not answer these questions.

Senator Faulkner—These are matters for the Prime Minister. But clearly—

Senator RONALDSON—Did you discuss them with the Prime Minister?

Senator Faulkner—I did not discuss this issue with the Prime Minister.

Senator RONALDSON—The methodology? Nothing?

Senator Faulkner—In relation to the staffing establishment?

Senator RONALDSON—Yes. Previous methodology.

Senator Faulkner—No, as a matter of fact I did not. But in discussions with him I was informed by the Prime Minister that he intended to progress the cut that the then opposition had promised—the 30 per cent cut to the total number of ministerial staff. He certainly informed me of that.

Senator RONALDSON—Using the 2006-07 methodology or another methodology?

Senator Faulkner—I am certainly very happy to continue to work through this. I have given you three classifications. I am happy to work through—

Senator RONALDSON—Could you table the rest, please?

Senator Faulkner—I do not see any reasons why this particular—

Senator ROBERT RAY—Could I also ask, in order to assist our colleagues here, whether it would be possible to table the Howard government staff establishment in November 2007, that of the opposition and minor parties in 2007, and the current government's staffing establishment on 1 February this year as well as that of the opposition and minor parties. Then we will have the information in front of us to do whatever comparisons we want to do. I am sure we can have that by 7.30.

Senator FIFIELD—Chair, could I also ask something in relation to tabling documents. At this committee previously—I think in response to questions from Senator Faulkner and Senator Ray—the Ministerial and Parliamentary Services Section was in the habit of tabling a list of the number of staff, and their classification, allocated to—

Dr Watt—That is true, Senator.

Senator FIFIELD—ministers and office bearers. I am wondering if that practice could be continued.

Senator ROBERT RAY—That was what I asked to be tabled then. It comes in that form.

Senator Faulkner—Obviously, Senator, I am very happy to table such a document, which may save the committee some time.

Senator ROBERT RAY—While you are in a happy mood, Minister, could you also table a document showing how many in this government and the previous government were paid personal classifications. We are not identifying individuals—I understand that. Could you also table a document showing how many are paid outside the salary bounds determined by the Prime Minister in May 2006, both in this government and in the previous government—again, not identifying individuals.

Senator Faulkner—Senator, I do not think I can assist you; I do not know whether such a document exists. But I can certainly provide you with the information. I can do that.

Senator ROBERT RAY—Maybe after the break.

Senator Faulkner—I think I can do that in very short order. I will just check with officials if we have the comparative figures for salaries above the range and personal classifications for 2007.

Ms Mason—What we do have available for tabling is the ‘Opposition numbers comparison by classification’ document that the minister was reading from earlier. There are the government personal positions as at 1 February 2008 and also a document summarising the personal classifications for the government and opposition as at 1 February 2008.

Senator ROBERT RAY—Have you got the opposition’s staff profile for 1 February, though?

Ms Mason—Yes.

Senator ROBERT RAY—Anyway, you might sort out all those documents to be ready for us at 7.30.

Senator FIFIELD—In relation to the regular summary document of the staff of ministers and office bearers, including staff classifications, is that document available at the moment?

Senator Faulkner—We are going to table that document. I am also going to table the ‘Opposition numbers comparison by classification’ document and the ‘Government personal positions as at 1 February 2008’ document—which I think is one that both Senator Ray and Senator Fifield have referred to. Also, Senator, to assist you I will table ‘Opposition personal positions as at 1 February 2008’, and also ‘Parliamentarians not affiliated with a major political party personal positions as of 1 February 2008’. If it is of interest to the committee, I will table ‘Former Prime Ministers no longer in parliament personal positions at 1 February 2008’ if the committee would wish to have that. It is up to the committee. It has not been requested, but I am happy to table it.

Senator RONALDSON—Thank you.

Senator FIFIELD—That was usually appended, I think, to the—

Senator Faulkner—On some occasions, Senator. I will also table, if it assists the committee, ‘President and Deputy President of the Senate personal positions at 1 February 2008’.

Senator ROBERT RAY—From that list, Minister, you have not yet indicated that you can table the previous government’s last staff profile, that of 1 November. I would still like that as a comparison, as well as the opposition one so that we can compare the current opposition profile with the previous one.

Senator Faulkner—I understand that. I do not believe it will be possible to table the document that you have requested—the one giving positions as of 1 November—but I believe I can table a document going to these same areas as of the date 17 October 2007.

Senator ROBERT RAY—That is the dissolution of parliament. Does that suit colleagues? It suits me.

Senator Faulkner—We simply do not have the information, for obvious reasons.

Senator ROBERT RAY—If you cannot, that is fine.

Senator Faulkner—There is logic. To complete the picture, Senator, in answer to the earlier question that you have asked, I will undertake over the break to provide information for the committee on the number of personal classifications as of 1 February 2008 and as of 17 October 2007.

Senator ROBERT RAY—That will be helpful.

Senator Faulkner—I just want to check with officials if it will be possible for this information to be provided. We will certainly do our best. I do not have a document that goes to that. I will also undertake to assist the committee, Chair, with the other issue that Senator Ray has raised, which is the number of salaries above the range.

Senator ROBERT RAY—As at 1 February?

Senator Faulkner—Well, at an appropriate date. I just want to point out that, as you know, I certainly have the figure in relation to 1 February 2008, and I will ask for best endeavours from staff over the break to provide those comparisons. I want to indicate to the committee and—through you, Chair—to Senator Ray that I do not want to have a make-work situation for officials and ask for a document to be created. It can, of course, be done for future estimates hearings if it is the view of the committee that these are useful comparators to have into the future. But we will provide that to you on notice, Senator. I will provide to you, after the break, all the information I have in those two areas.

Proceedings suspended from 6.36 pm to 7.40 pm

CHAIR—Welcome back. Senator Fierravanti-Wells, I understand you have some questions.

Senator Faulkner—Just before we hear from Senator Fierravanti-Wells, would it assist the committee, Chair, if I came back on the information that had been taken on notice before the break?

CHAIR—That would be helpful.

Senator Faulkner—It might, obviously, lead to further questioning. Senator Ray asked a question about the timing of notification of staffing establishments for the opposition. He asked for a comparison between 1996 and 2007. In response to Senator Ray's question, in 1996 the election was, of course, on 2 March. The swearing in of the ministry was on 11 March. The letter in relation to staffing entitlements or establishments went from then Prime Minister Howard to the then opposition leader, Mr Beazley, on 27 March, which was 16 days later. In 2007, as you know, Senator, the election was on 24 November. The swearing in of the ministry was on 3 December. The letter from Prime Minister Rudd to Dr Nelson was sent on 10 December, which was seven days later. So it was 25 days in 1996 and 16 days in 2007.

Senator ROBERT RAY—Thank you.

Senator Faulkner—The other question relates to personal classifications. The figures I have available for the information of the committee are these: that on 1 May 2007 there were 34 government staff with personal classifications, including nine special advisers.

Senator RONALDSON—Can I have those figures again. My apologies.

Senator Faulkner—Yes, Senator. I had indicated that as of 1 May 2007 there were 34 government staff with personal classifications, including nine special advisers. We are still trying to find figures of that date for Senator Ray—I think it was Senator Ray who asked this question—in relation to opposition staff.

On 17 October 2007, however, I can confirm that there were 37 government staff with personal classifications, 10 opposition staff and two other staff. The situation that existed on 1 February 2008 in relation to personal classifications is that there are three government staff with personal classifications, there are no opposition staff with personal classifications and there is one non-government staff member with personal classifications. Hopefully, in comparatively short order—like now—I will be able to provide you with the information in relation to personal staff with salaries above the range, which was the other issue, Senator, that you had left with us before the break. I can inform you that on 17 October 2007 there were 21 government staff with salaries above the range—

Senator ROBERT RAY—Twenty-one?

Senator Faulkner—That is what I am informed. I will check the accuracy of those figures.

Senator ROBERT RAY—No, I only ask because previously the highest I had heard of was 11. But that was before that.

Senator Faulkner—Yes, the figure surprised me, but I am assured by officials that that is correct. On 17 October 2007 there were 21 government staff with salaries above the range and there were no opposition staff with salaries above the range. I can further inform the committee, in relation to salaries above the range, that, as of 1 February 2008, there were three government staff employed at salaries above the specified salary range for their classification and there were no opposition staff employed at a salary range above their classification. Senator, that only leaves one small area to provide information to you on if we are able to—and, obviously, if I am able to before the conclusion of tonight's hearings I will do so; if not, I will provide it on notice—which goes to the question of personal classifications as of May 2007 for the opposition or any non-government staff.

Senator ROBERT RAY—I have only got one follow-up, if I may. Would it be possible to inform the committee, without identifying individuals, of what the largest gap was between the pay level and pay received out of the 21—it will not identify the person, obviously—and what was the lowest gap, so I would have some idea of just how much outside the salary band people were being paid. I ask this for the 21 because I think it is probably anonymous; if you go further down, it would not be.

Senator Faulkner—I appreciate that point.

Senator ROBERT RAY—Just to give me an indication.

Senator Faulkner—And you would appreciate, Senator, that one of the principles of these estimates committees, of wherever we can, historically—even though I may have been on a different side of the table—is the issue of maintaining the anonymity of staff, and it is one that we have respected, so I respect the point that you make. I do not know if that information is available from officials; I will ask officials if they can answer that now.

Ms Mason—Senator, we would need to take that one on notice.

Senator ROBERT RAY—And, clearly, if you think the answer identifies or could be used to identify any individual, please just say that is the reason why you cannot supply the information. I will find that acceptable.

Ms Mason—Certainly.

Senator Faulkner—Thank you, Senator. I would indicate, Chair, that those are all the issues that we undertook to provide information on to the committee after the break.

CHAIR—Thank you. Senator Fierravanti-Wells.

Senator FIERRAVANTI-WELLS—Minister, picking up from where I started, before Senator Ronaldson asked questions about this, can I try to reduce this to simple terms. I started my questioning this evening with that figure of 364 and that 21 per cent. As I understood the exchange earlier, in simple terms, what you have effectively done is reduced by 30 per cent the government's ministerial staff and then given us 21 per cent of that.

Senator Faulkner—That is not how I would describe it.

Senator FIERRAVANTI-WELLS—I tried to reduce it into simple terms.

Senator Faulkner—In broad terms, in a sense, I suppose that is right. But it would be better to say that there has been, overall, a reduction in ministerial staff by 30 per cent and, of course, a similar reduction does flow on to the opposition because there is a longstanding calculation of opposition staff at 21 per cent—

Senator FIERRAVANTI-WELLS—I appreciate that and that is why I started my questioning at that point with that 21 per cent.

Senator Faulkner—of the government staffing establishment. That is correct.

Senator FIERRAVANTI-WELLS—That is, in effect, what that \$15 million in the first 2007-08 is; it is a representation—

Senator Faulkner—For the remainder of the financial year.

Senator FIERRAVANTI-WELLS—Yes, for the remainder of the financial year, and then some \$26 million, almost \$27 million, in the next year et cetera. That is basically that 30 per cent reduction.

Senator Faulkner—Yes.

Senator FIERRAVANTI-WELLS—So there are no ministerial consultants engaged?

Senator Faulkner—No.

Senator FIERRAVANTI-WELLS—Is it proposed to engage ministerial consultants?

Senator Faulkner—I am not aware of any such proposal.

Senator ROBERT RAY—They are included in the staff figures if they are employed, aren't they?

Senator Faulkner—If there were any consultants, they would appear in the figures that have been tabled. Even though these figures are as of 1 February, I can assure you that no ministerial consultant has been engaged in the 16 days since the table applied.

Senator ROBERT RAY—No, that was not my question. My question is: if you were to, they would be included in the overall staff figures and there is a flow through to opposition representation.

Senator Faulkner—Absolutely, yes.

Senator FIERRAVANTI-WELLS—That is my next question.

Senator Faulkner—Yes, they would count in terms of the calculation of opposition staff entitlements.

Senator FIERRAVANTI-WELLS—So if we saw the engagement of ministerial consultants such as what happened in—

Senator Faulkner—During the life of the Howard government, yes—but do not hold your breath, because you will be holding it for a very long time.

Senator FIERRAVANTI-WELLS—I was thinking in terms of the previous Labor government.

Senator ROBERT RAY—We are not going to hire Geoffrey Cousins—that is a promise.

Senator Faulkner—I do not think that ministerial consultants is an issue that is going to worry this committee too much now.

Senator FIERRAVANTI-WELLS—No. Senator Ray basically asked whether, if there are ministerial consultants that are engaged, they are then taken into account as part of that 21 per cent, if I can put it that way.

Senator Faulkner—Yes, that is true, if it were the case. But so you are clear, I very much treat your question as a hypothetical question.

Senator FIERRAVANTI-WELLS—Thank you; I will be on the lookout on that one. I pick up the point that Senator Ray made previously in relation to the discussions that occurred in 2006. If there were a situation where there would be an increase in ministerial staff, which could include consultants in the future, then at some point it would be a similar situation as

occurred previously, where perhaps the Leader of the Opposition could make appropriate approaches similar to what occurred in 2006. Do I understand—

Senator Faulkner—Obviously, the Leader of the Opposition is free to make any approach to government that he sees fit in relation to these matters. There are obviously no constraints on the Leader of the Opposition. But you are aware that these figures are subject anyway to annual review and adjustment if required as a result of any change.

Senator FIERRAVANTI-WELLS—So that any—

Senator Faulkner—You would be aware that while, obviously, the Leader of the Opposition can do as he sees fit on this or any other issue, there is an annual review and consequential adjustment which, I am sure, will be—as it historically has been—examined closely by this committee.

Senator FIERRAVANTI-WELLS—Thank you, Senator Faulkner.

Senator ROBERT RAY—While you are gathering your thoughts, can we go to one of the reforms that you have brought about—because I campaigned on this for years and years. Finally, Minister, I understand that after my enormous efforts over the years, rebuffed by minister after minister, we are now excluding the staffing of whips' offices from the opposition and government entitlements and granting it separately from them. Is that right? I mean, of course it is, but I want it confirmed.

Senator Faulkner—I can confirm that. I think your question is a little ungenerous, because I think I have supported you as a willing junior counsel on this issue over many years too. But you will see on the tabled document, if you like, on the bottom of the second page, that the government whips' staff in both the House of Representatives and the Senate have been deliberately placed outside the other ministerial staffing numbers. In relation to the whips, I think it has been a long held view around this table that whipping responsibilities are not necessarily reduced in nature because one happens to be in either an opposition or government party, effectively. You will notice that there are 10 staff who are dedicated as whips' staff. Six of those staff are government staff and four are opposition staff. If it were the normal ratio that applied during the life of the Howard government, if there were 10 staff, the calculation, I suspect, would reduce the opposition numbers of whips' staff by two. The Secretary of DoFA, who is a much better numbers man than I am—

Senator ROBERT RAY—DoFaD.

Senator Faulkner—DoFaD, yes; I am sorry.

Senator ROBERT RAY—You were there when we created that name, so you should remember it!

Senator Faulkner—I do remember it, but I thought the secretary preferred me just to call it the department of finance.

Dr Watt—Finance. Absolutely.

Senator Faulkner—So I was actually following his guidance, but now I will never do that, Senator Ray. Never again will I ever describe the department as the 'Department of Finance'.

Dr Watt—Just as long as it is not DoFA. That is the only thing we wish to get away from.

Senator MURRAY—I have been worried that it becomes ‘FAD’—that you are a passing fad.

Senator Faulkner—I do not think there is any risk of that at all, Senator Murray. So yes, Senator Ray, that has occurred, and it does mean, of course, that in relation to those specific entitlements for whips’ staff, which is the critical point, effectively more opposition staff are attracted in comparison to the government numbers here. I think that is a good thing for the parliament. I think it is something that has been talked about—or campaigned about, if you like—around this table and it is a good and positive development. I hope it is seen as such on both sides of the parliament.

Senator FIERRAVANTI-WELLS—In terms of progress reports on some initiatives that were mentioned at the last estimates, Senator Wong asked some questions consequent to the additional electorate staff member in electorate offices that we were allocated and issues in relation to fit-out and potential minor refurbishment in electorate offices consequent to that increase in staff members. I gather from that that there was to be a bit of an audit, and I notice in the answers to questions on notice that there has been some progress on that. Could you tell me what is proposed and when the completion of all the electorate offices is likely to occur?

Senator Faulkner—I will ask Ms Mason or Mr Miles to bring you up to date and give you a status report on that.

Mr Miles—Senator, I am not sure I understand the question when you talk about an audit.

Senator FIERRAVANTI-WELLS—I think Senator Wong was just asking questions in relation to assistance that was needed to accommodate additional staff members. As I understood from that questioning, you were looking at additional space in some of the offices and you were actually going to do a bit of a look at the offices. I am asking: are you going to look at all of the offices or did you just pick some?

Mr Miles—I do understand the question now. I think we reported that our state managers were basically contacting all offices. That was sometimes in response to requests that had come from electorate offices, but they were contacting all senators and members to make sure that there was nothing that could not be done quite simply to help them accommodate a fourth staff member where that help was necessary. In response to that, there were a number of minor refurbishments—moving of furniture around and sometimes shifting of shelves and building furniture to accommodate it. Most of those things have been well and truly completed. I am not aware of any particular concerns at the moment about a lack of space.

Senator FIERRAVANTI-WELLS—But it was incumbent on the members themselves to make that contact?

Mr Miles—We do some regular inspections of offices anyway. They are the sorts of things that we would discuss with senators and members in the process of an at least annual review of an office.

Senator FIERRAVANTI-WELLS—Some questions were also asked about energy efficiency in electorate offices, and there was a bit of a program in relation to that. Could you tell me where you are at with that in terms of rolling that out?

Mr Miles—Certainly. We reported last year that we had engaged our property manager, UGS, to develop an energy management plan for electorate offices. They did that. In a circular in August last year, the then minister advised senators and members of some of the initiatives that were already flowing out of that program. The more obvious ones were, for instance, posters that we sent to all offices.

Senator FIERRAVANTI-WELLS—Yes, I have one in my office.

Mr Miles—Very good. We also did a benchmarking audit on 10 offices around Australia. UGS and the experts that they have engaged are still working through that to work out what it means in terms of benchmarking for future offices. We have adopted a program of making sure that any equipment that goes into electorate offices has favourable energy star ratings—that is from photocopiers through simple things like microwaves and those sorts of things. We are well into a program of replacing light bulbs and those sorts of things with more energy efficient appliances. That was firstly commenced with us, when we were called in to replace something, just making sure we replaced it with something that was better. There is now a program where we are practically going out and making changes. It is at different stages in different states. For instance, it is well advanced in New South Wales. But it will be another six months, I imagine, before we can complete that.

Senator FIERRAVANTI-WELLS—Before all the offices are completed.

Mr Miles—We have also had some advice from UGS and their experts about the sorts of things that our designers should be taking into account when they are designing an electorate office—things that make it more energy efficient.

Senator FIERRAVANTI-WELLS—Senator Faulkner, I think you asked questions in relation to phone lines in offices on the last occasion. The gist seems to be possibly looking at increased phone lines to cater for the new staff member and also—I throw in the comments that Senator Faulkner made—where some of your staff are part-time and they all happen to be there on that particular day. Is there any intention to look at the question of an additional phone line?

Mr Miles—I do not think anything has happened about an additional phone line. Of, the number of phone lines does not necessarily equate to the number of handsets we have provided.

Senator FIERRAVANTI-WELLS—Yes, I appreciate that.

Mr Miles—We quite willingly provide as many handsets as can be fitted into the office. I am not aware of any further work on—

Senator FIERRAVANTI-WELLS—Perhaps you might take that on notice. That is all that I have.

CHAIR—Senator Ronaldson?

Senator ROBERT RAY—He is just having his elevenses!

Senator RONALDSON—The environment committee seems to do better than we do, from what I have seen. I am not going to ask you a question about that.

Senator Faulkner—I am sure you only mean catering, Senator!

Senator FIERRAVANTI-WELLS—They have a very nice morning tea.

Senator RONALDSON—Absolutely. I was madly jotting some information down before, Minister, while you were giving us some figures. I apologise if I have got them wrong. Did you indicate that there were no staff above the range? Was that the—

Senator Faulkner—No.

Senator RONALDSON—What was the reference to zero earlier on?

Senator Faulkner—I said that, as of 1 February 2008, there were no personal staff with salaries above the range from the opposition. I indicated that there were three government staff. I indicated also, just so that we are clear, that on 17 October 2007 there were 21 government staff who had salaries above the range and none from the opposition. I think they are probably the figures that you are referring to—those related to salaries above the range.

Senator RONALDSON—Minister, Dr Watt or one of the officers will wish to answer this. Can you confirm that all former ministerial staff who were paid above the salary band in the previous government were either, firstly, public servants whose APS salary was more than the highest band of the MOP(S) salary—and hence requiring above-the-band adjustment for them to work as staffers without suffering financial disadvantage—or, secondly, long-term MOP staff who had, over a long period of time, gone over the top of the band through annual performance increments?

Dr Watt—We would certainly need to take that on notice. We would also have to put some parameters around the question—for example, there are privacy issues which may or may not be germane in answering the question. My second point is that we would have to decide what ‘long-term MOP staff’ meant. Clearly, some MOP staff may have gone over the band as a result of a performance increase in 12 months time if they have been placed relatively high in the band. Others may have been there for several years and still be well within the band. We can see if we can provide that information, but we would have to make some assumptions in doing it.

Senator RONALDSON—My question is quite specific—through annual performance increments.

Dr Watt—Again, it depends a bit on what you mean by ‘long-term’ and on when the long term exists. But we will make an assumption and we will see what we can come up with.

Senator ROBERT RAY—If you are division 4, of course, you cannot go outside the band level. You just get stuck there even if you have been here 20 years. What a difference.

Senator RONALDSON—I have put the scenario and it has been taken on notice. Minister, if indeed, as I am advised, that is correct, the comparisons between now and 17 October would not, perhaps, look as virtuous as they might appear on paper if those two scenarios were met. I presume that is probably a hypothetical till you get the answer, but I will make the point.

Senator Faulkner—Senator, I can only say to you that all these issues are in the eye of the beholder. My approach here is to ensure that, when questions are asked, the information is provided and the figures that have been provided to you are accurate.

Senator RONALDSON—I accept that. The comparison was made for the obvious take-out of those who are listening. I have put another scenario to you. We will wait and see what the outcome of that is.

Senator Faulkner—In response to that comment, which is not a question: that is not fair and it is not right. The figures were provided in answer to a question that was asked by a committee member. That is why those figures have been provided. I might indicate to you that the fact that we actually had to find the information over the dinner break is, I think, a fair indication that we did not have any foreknowledge—if that is what you are suggesting—that the question would be asked.

Senator RONALDSON—I did not suggest that.

Senator Faulkner—I do not want you to impute motive there. It is not right. In fact, we had to ensure over the break that that information was collated and provided to the committee as soon as we could.

Senator RONALDSON—Maybe I should refer the motive to the questioner as opposed to you.

Senator Faulkner—I do not know.

Senator ROBERT RAY—And the questioner has asked the same question at every one of these estimates committees of the last five or six years—so there is nothing new there.

Senator Faulkner—Perhaps then, Senator, one thing we could do if it was in the interests of the committee is look at providing some of this information on a more regular basis. But I will leave you to consider that, Senator Ronaldson; that is a matter for you.

Senator RONALDSON—Yes, thank you. I do have some questions. The Prime Minister has created a new position, is that right—a deputy chief of staff? Is that in the principal advisers section?

Senator Faulkner—I do not know that the Prime Minister has created a new position. I believe the Prime Minister effectively does have a deputy chief of staff. In other words, there is a person with that nomenclature, which I think is an internal descriptor as opposed to a classification.

Senator RONALDSON—Is that person one of the principal advisers referred to?

Senator Faulkner—I believe so. If the officials have information as to the names of the principal advisers in the Prime Minister's office, I will confirm it forthwith. I certainly assume that is the case, but I have always said at these committees, 'Let's not make too many assumptions; let's be absolutely precise.' I believe that is the case, Senator. If it is not the case, I will ensure that we inform you of that. The officials have told me they do not know the names of the two principal advisers; that information is not available here. But, if the deputy chief of staff in the Prime Minister's office is not one of the principal advisers, I will certainly inform you.

Senator RONALDSON—Thank you. Very good. As a previous leader of an opposition party, Mr Crean, I think, would have been entitled to an executive assistant level 2 staff position; is that right?

Senator Faulkner—Do you mean the previous leader—

Senator RONALDSON—Mr Crean. Mr Crean is a previous opposition leader.

Senator Faulkner—Yes, I understand that. Do you mean was there an additional staff member provided to Mr Crean and Mr Beazley because they were former leaders of the opposition?

Senator RONALDSON—My question was: as a former opposition leader is Mr Crean, along with all other former opposition leaders; I do not know how far back it goes—

Senator Faulkner—No. There is no ongoing entitlement for Mr Crean as a former Leader of the Opposition, once the party he is a member of has won government. So Mr Crean's staffing establishment is the same as any other cabinet minister's. It is, however, true to say that, before the election, both Mr Crean as a former Leader of the Opposition and Mr Beazley as a former Leader of the Opposition had an additional staff member while in opposition.

Senator RONALDSON—Thank you, because that was going to be my next question—whether it was within that assistant adviser's position in the document you tabled. So thank you for that.

Senator ROBERT RAY—As a follow-up to that, has Mr Downer been given an extra staff member? He is a former Leader of the Opposition.

Senator Faulkner—The answer to your question is no. I have raised this issue at the government staffing committee. Obviously, these are issues where advices are generated by departments, and in fact advice has been provided by a department—not this department, I might say. I had intended, as a result of a decision of the government staffing committee, to contact Mr Downer some time before the end of this week, if I actually got a moment to make the phone call, and indicate to him that he would be receiving a letter indicating that the government would be agreeing to providing an additional staff member to him.

Senator ROBERT RAY—That is consistent with all past policy.

Senator Faulkner—I believe it is, Senator. It is my strong view—

Senator RONALDSON—I was making no reflection on it—

Senator ROBERT RAY—Of course not. That is right.

Senator RONALDSON—and I was just wondering where it was within the—

Senator ROBERT RAY—Neither am I, so we are in screaming agreement.

Senator Faulkner—I believe it is consistent with past policy of the previous government and I think it is appropriate that that be extended to Mr Downer. As I say, it is my intention to contact Mr Downer as soon as possible to indicate that to him. Obviously, he will be informed formally very soon. I am sure he will be pleased to hear what someone may tell him as a result of the questions that Senator Ronaldson is asking him, so I may not have to ring him.

Senator RONALDSON—Minister, are you able to indicate at this stage what arrangements you have been made for the minor parties after July, when there is a change in the Senate; has that been looked at yet?

Senator Faulkner—When you say has it been looked at—

Senator RONALDSON—I am sorry—have any decisions been made?

Senator Faulkner—No decisions have been made, and you would appreciate that those are decisions for the Prime Minister.

Senator RONALDSON—How many government personal staff have signed AWAs?

Senator Faulkner—The answer to your question is none since the election. There are two government personal staff on AWAs which are ongoing from prior to the election.

Senator RONALDSON—On that basis, under what MOP(S) or certified agreement classifications have the following positions been filled: advisers, senior advisers, special advisers, principle advisers and chiefs of staff?

Senator Faulkner—Ms Clarke will respond to that.

Ms Clarke—The Prime Minister has signed a determination under the MOP(S) Act which sets out the terms and conditions, including the salary rates of all the senior staff, both government and non-government. That determination has been advised to all office holders affected by that.

Senator RONALDSON—Is that determination available?

Senator Faulkner—I will just seek advice from officials.

Ms Clarke—It has certainly been sent to the Leader of the Opposition.

Senator Faulkner—I am certainly happy to ensure, Senator, if you are requesting it and if it would assist the committee, to provide the committee with it. I am very happy for it to be provided to the committee. It can be made available. Before we make it available to the committee I will ensure that the Prime Minister and Dr Nelson are comfortable with the nature of the correspondence between them being provided.

Senator RONALDSON—I think this has already been flagged, so it will come as no surprise to you. I want to return now to the treatment of the former ministerial staff and coalition electorate staff in the context of various entitlements.

Senator Faulkner—It has not been flagged with me, but please proceed.

Senator RONALDSON—I think it was raised by someone that it was going to be a matter that would be raised.

Senator Faulkner—Please proceed.

Senator RONALDSON—There were pay periods on—and the department will have a better idea of this—15 November, 29 November, 13 December, 27 December, 10 January, 24 January and 7 February. They are the pay dates since the election. What percentage of ministerial staff and coalition electorate staff received their two weeks pay from the date of the election, as they were entitled to? If there are no figures relating to the percentage, what were the numbers?

Ms Hughes—The processing of pay to staff is undertaken in my branch. I do not have the figures that match your question. What I can say is that ministerial and parliamentary secretary staff were paid their normal salaries. They were extended from 3 December for a 14-day period, so they were employed until 17 December and were paid their normal pay up till

then. Because of the magnitude of the task we faced, in terms of the number of staff involved in making their termination payments, we paid people we knew we were not going to be able to make final payments to the equivalent of a fortnightly salary on 27 December and then for 10 January we paid another smaller group, again the equivalent of a fortnightly salary. The figures I have are that 37 per cent of staff were paid out all their final moneys by the payday of 27 December; 60 per cent had received their final moneys by the payday of 10 January; and, by the payday of 24 January, 98 per cent of staff had been paid out. There were 842 staff whose entitlements we had to finalise in that period following the election.

Senator RONALDSON—Minister, what period of time would you consider reasonable for the paying out of entitlements to staff who—

Senator Faulkner—I took a very close interest in this because there were, as you might be aware, one or two press articles in relation to this. I thought the efforts made in MAPS were quite extraordinary in the circumstances, given a range of factors, such as the time of the declarations in a range of seats. I know I can say this to you, Senator: the Department of Finance and Deregulation staff worked nights, weekends, between Christmas and New Year, extraordinarily long hours to ensure that this processing, this very substantial task, was completed as soon as possible. Also I think there were very genuine efforts to ensure that special provisions were made for hardship cases, and I can assure you that priority was given to any former member of staff who was in that circumstance.

The sorts of measures, if I can perhaps just go through them with you so that you too can make a judgement about this, were measures to ensure that former staff actually received a cash flow through this period. The department prioritised the processing of termination payments to electorate staff of those members who had retired or been defeated and processed the equivalent of a net fortnightly pay for payday 27 December 2007 for former ministerial staff who would not receive their final entitlements, which effectively represented two weeks of their severance payment. Staff were advised of this arrangement by a letter to their residential address on 4 December. The department made a further fortnightly payment for payday 10 January 2008 to those former ministerial staff who would not have received their final entitlements by that particular date. Again, a letter advising them of that was sent to their residential address on 4 January 2008. As I said, priority was determined and given by deliberate action in the department to hardship cases.

There was a lot done within the department, and I can assure you—I saw this at first hand—a huge effort went into trying to ensure that no-one was disadvantaged over that Christmas period. I certainly had concerns when I saw the media article and I also had it raised with me more informally. I cannot recall receiving any formal communications, but it was certainly raised with me informally by a couple of concerned people. And I was very satisfied that a huge effort went into ensuring that this was dealt with as quickly as humanly possible in the Department of Finance and Deregulation.

Senator RONALDSON—I assume you can guarantee to those former staff that government and non-government staff were treated in entirely the same way.

Senator Faulkner—I can assure you that there was no ministerial or government imperative that anyone be treated differently, except to say that—because of the nature of

what happened at the electoral event—we obviously gave priority to those members who had retired or were defeated, which I am sure you would think was appropriate in the circumstances. But if there is any suggestion in any way, shape or form that this huge processing task was undertaken in a partisan way, I can absolutely assure you that that is not the case. I would be happy for the officials to also give you a similar assurance from the department's perspective.

Senator RONALDSON—I accept what you are saying. Can I ask another question? My understanding is that there is an online calculator which gives MOP employees an estimate of their severance entitlements. Is that correct?

Senator Faulkner—Yes. I am not sure about the—

Senator RONALDSON—That can be done in minutes—is that right?

Senator Faulkner—I am not sure about the precision of this. Since you mentioned the term 'online calculator' I am now going to go to staff who are much more expert in these matters than me. Perhaps Ms Mason or one of the officials might help you.

Ms Mason—There was a tool available to MOP(S) Act staff to allow them to make an estimate of their final moneys if they wished. It was carefully framed as an estimate because it is subject to a number of variables which need, in the calculation of final moneys, to be very carefully checked. The record of employment and a number of other factors need to be checked. So they could estimate a ballpark figure for their severance benefit, but the exact calculation needed to be made by skilled HR staff, and that was done within Ms Hughes's branch.

Senator RONALDSON—Were there any lessons learnt out of this which would make the process quicker in the future? That is no reflection on the department. Is there anything that you think can be done that would speed the process up?

Ms Hughes—One of the factors which complicated our lives was the late calling of the election, because it coincided with the processing of a pay increase for the collective agreement staff. That pay increase was due on 29 November, and we had to bring our whole pay system down, which impacted on our capacity. Also, having it so close to the Christmas and New Year period reduced our capacity. If it had been a little bit earlier in the year we would probably have gained two weeks.

Dr Watt—Finance normally does, after major exercises, an after-action review to see what we can learn. I do not think that has been started yet, but I assume it will be over the coming weeks. The lessons, after all, are things we need to digest, not immediately but perhaps in up to three years time. I am sure that if the minister is happy we would be happy to discuss the lessons we learnt, and how we might make things a bit better, in due course. There is one point I would like to make. Processing is a function of the timing of the election, what else you have to do with staff pay and the number of staff involved. One point to remember is that after the 2001 election we had to process 398 staff. After the 2004 election we had to process 540. Smaller processing means quicker payments. I think volume and complexity are both issues.

Senator RONALDSON—I will take this at face value. It is an incredibly stressful time, and I think that those financial issues are things that we should—

Senator Faulkner—That point is accepted.

Senator RONALDSON—Yes. There was obviously no reflection on the department.

Senator ROBERT RAY—Does the department provide assistance to people who have lost their jobs because of an election result? Do you provide anything to help them search for jobs?

Ms Clarke—There is a career transition payment that is available as a reimbursement to assist people to get advice about what happens in the future.

Senator ROBERT RAY—So they go and seek that advice and then bill the department?

Ms Clarke—Yes

Senator ROBERT RAY—That has a limit to it, I assume?

Ms Clarke—I think it is \$500.

Senator MURRAY—And that applies to parliamentarians, as well, who have lost their seat?

Ms Clarke—We look after staff.

Senator MURRAY—And why not, Minister?

Senator ROBERT RAY—I do not think John Howard needs any assistance.

Senator MURRAY—It is a serious question. I am not referring to people who retire; I am referring to people who lose their seats.

Senator Faulkner—I am personally not aware of any service that is offered by the Department of Finance and Deregulation. Officials would tell me if there is, and I am assured that there is not. The only thing that I do know—and I do not know if you are aware of this or not—is that there is certainly considerable advice provided for members of parliament and senators from the Association of Former Members of the Parliament of Australia. You may well have seen that advice. Beyond that which you and I have both seen, I am not aware of any other formal, or for that matter informal, assistance that is provided in those circumstances.

Senator MURRAY—I would make a clear distinction between retiring and defeated members. Those who retire are on their own, but to be defeated is often a shock to those who experience it. I would ask you to think about whether some form of transitional assistance or counselling—I do not mean counselling in the sense of a loss—in helping people find alternative employment might be worthwhile on the same basis as senior staff who work for politicians.

Senator ROBERT RAY—The trouble is that you are talking to winners here.

Senator Faulkner—I am certainly happy, as you have invited me, to think about it, Senator Murray. I have indicated to you that it is the only guidance or assistance I am aware of. But there may be other guidance apart from that provided by the retired parliamentarians association that I am not aware of—or that you and I are not aware of.

Senator MURRAY—Might I say, I would also distinguish between senators and members. Senators have time to put their affairs in order, get themselves sorted and organise and plan—unless the election is in June—whereas members have it as a sudden hit just as the staff do.

Senator Faulkner—I can now provide that additional piece of information for the figures on personal classifications of government staff as of 1 May 2007. That figure was 34 government staff, including nine special advisers. The figures as of 1 May 2007 for the opposition were nine opposition and two non-government staff with personal classifications.

Senator RONALDSON—Do I understand correctly that severance and other payments were paid by the Queensland government? Is that right or am I being misled in relation to that?

Senator Faulkner—I certainly cannot assist you on that. What do you mean by ‘the Queensland government’?

Senator RONALDSON—The Queensland state government.

Ms Hughes—We have a contract with a company that disburses our payroll. MAPS has a contract with a Queensland government enterprise called CITEC SurePay and that disburses our pay. We provide the pay file to them and they send off the pays to the financial institutions. When it is done on a normal fortnightly pay, it is described on financial institutions’ accounts as being from the Department of Finance and Deregulation. We also have an arrangement with them where they do out-of-cycle payments, advance payments, and, in order to pay staff during this termination process, we made a lot of those advance payments. It would seem that they use a different process for disbursing the pay, and it turns up, as the Queensland government has described it, as ‘Queensland government’ on the payee’s bank account.

Senator RONALDSON—So the Queensland government involvement came via the third party. What was the name of it?

Ms Hughes—CITEC SurePay. We have a contract with them just to disburse the pay.

Senator RONALDSON—Is that the first time it has appeared via the Queensland government, do you know?

Ms Hughes—The first time I became aware of it during this process was because we made so many of the payments, including those fortnightly payments, to people against their termination payments; they were all made as what we call ‘advance payments’.

Senator RONALDSON—I am not as concerned about where it came from, but I am obviously concerned about any privacy questions that might arise in relation to that fairly circuitous way of getting money to people. Were there any processes that would normally be followed that were not followed on these occasions because of the payment through this particular body?

Ms Hughes—No, as I understand it, it was simply in the description that the outsource company used when they sent the funds off to the different financial institutions.

Senator RONALDSON—Madam Chair, I do have another hour of questions but, given the time and given that we have to go between now and Friday, I will put the remainder of

them on notice. Briefly, what determinations have been made under the MOP(S) Act since the election? I do not need them now, but if you could provide me with the details on those—

Senator Faulkner—We would need to provide them on notice.

Senator RONALDSON—Yes, I do not expect them, but if you could provide those I would be grateful.

Senator Faulkner—There have been a number.

Senator RONALDSON—One final question: on the question of non-standard home bases for staff, I gather that in the past that information has been provided for staff who have non-standard home bases—is that correct?

Senator Faulkner—In the past, questions have been asked in relation to non-standard home bases. It is true to say that information has been eked out on that issue over the years. I think that is a pretty fair way of describing it.

Senator RONALDSON—Are you prepared to provide that information or do you seek the eking out of it?

Senator Faulkner—It has been an absolute agony of an exercise, as you might know, on the occasions it has been provided—it has never been willingly provided.

Senator RONALDSON—Are you prepared to provide that voluntarily or not?

Senator ROBERT RAY—Could you clarify that? I am not certain whether you want each individual named or whether you want general statistics about how many, because I think there is a distinction here.

Senator RONALDSON—I want the individual names.

Senator Faulkner—Senator, I am extremely reluctant to do that. It is a question of a nature that in the 11½ years I was sitting on that side of the table I have not asked. I think most would acknowledge that at this committee there has generally been an understanding that staff members not be named. There may have been one or two exceptional circumstances where that may have occurred. While I think it is reasonable to provide a general answer to your question, I would not want to identify the individuals involved, and when I have been sitting on that side of the table I have never asked for the individuals involved to be identified.

Senator RONALDSON—So the names of individuals with non-standard home bases have not been requested in the last 11 years?

Senator Faulkner—Generally—and I think colleagues around the table acknowledge this—we work at protecting the privacy of these members of staff. This applies across whoever the government or the opposition of the day might be and also for non-government parties. Often when questions have been asked in relation to personal classifications, salaries above the range or non-standard home bases, my predecessors at the table have certainly never provided the names of individuals. But if you are asking for a broad picture or pattern of those with non-standard home bases since the 2007 election, I would be happy to provide that and see if that satisfies your request.

Senator RONALDSON—Thank you, Minister; we will start with that.

Senator MURRAY—Through the chair, I would like it confirmed that I have sat on this committee for nearly 12 years and the precedent well established and well observed—and it is a precedent, not just a convention—is that people will not be named unless they have acted in an executive manner as a staff member. If they are simply a staff member or a public official, they are not named in this case.

Senator Faulkner—Senator Murray, you are supporting the general tenor or my remark.

Senator MURRAY—I am. What I wish to confirm is that this is not just an opinion of yours; it is a precedent of the committee.

Senator Faulkner—Thank you, Senator. There have been some exceptional circumstances, but they have been when, effectively, there have been opposition or government staffers of some notoriety. In fact, one of those names was mentioned a little earlier in the hearing today. But this is very much the exception, not the rule, and I think Senator Murray has summed it up pretty well in those terms. But, Senator Ronaldson, because you have asked and in the interests of transparency I will provide on notice to you a general response to your question and you can examine that and see how you want to deal with that information into the future.

Senator RONALDSON—Thank you, Minister.

Senator ROBERT RAY—I will not delay the committee for very long, but I draw your attention, Minister, to questions asked by Senator Faulkner at the previous estimates committee. I think they were questions 5, 8 and 9, to do with security clearances. Can you confirm that, as of 23 May 2007, some 87 employees had submitted their security documentation to MOPS external vetting agency and were then being currently assessed?

Senator Faulkner—Senator, I believe those are the figures provided in answer to the question on notice, but I will need an official to turn that up for me. I think you are accurately reporting the figures. Yes, I can confirm those figures—

Senator ROBERT RAY—I am really laying the basis for future action here by going over the past, but is it true that there were 109 top-secret security packs that were not completed and returned to DoFA on that occasion?

Senator Faulkner—That is the figure provided in the answer to the question on notice. I can confirm the information.

Senator ROBERT RAY—I am looking at a figure of about 18 per cent or 17 per cent not even returned.

Senator Faulkner—Yes.

Senator ROBERT RAY—The record for noncompletion of the form was 26 months as of 23 May 2007.

Senator Faulkner—Yes, I can confirm that.

Senator ROBERT RAY—Those figures suggest to me not fault on the part of the employees—although there may have been some—but a fault of the system if eighteen per cent of ministerial staff requiring top-secret security clearances do not even return their forms by, obviously, the due date. How is this going to be addressed in future?

Senator Faulkner—It has been, as you know, Senator, a significant problem. It has, I think, had a light shone upon it, as you note, in this committee in previous estimates rounds. You would appreciate, of course, that at the moment both ministers and parliamentary secretaries are finalising the recruitment of their personal and in some cases electorate office staff. I can say to you that the latest information I have is that since the change of government Ministerial and Parliamentary Services have received 253 requests for top-secret security clearances, which I think is an excellent response in the early days of the new government—I hope you would agree with that.

You would be aware, of course, that the clearances do take quite a long time to process—about 14 weeks, in fact, is generally the case. There are urgent cases, of course, where this can be done in a couple of weeks. We are ensuring that security clearances for chiefs of staff are being processed as urgent cases in the new government. I can say that, as of 7 February, eight MOP(S) Act employees of ministers and parliamentary secretaries had actually been cleared to the top-secret level. I can also say, if you want me to add it, something on police records.

Senator ROBERT RAY—No, I do not, actually.

Senator Faulkner—All right. I will not, then.

Senator ROBERT RAY—What I would like to know, finally—

Senator Faulkner—It is a pity, because it is even better! Would you like to know, Senator Murray?

Senator MURRAY—Yes, I would.

Senator ROBERT RAY—Well, then, tell Senator Murray.

Senator Faulkner—Senator Murray is interested, and I will not comment on the level of interest from Senator Ray on this matter. You may be interested to know, Senator Murray, that as of 6 February 323 requests had been received for police records checks, and 186 of those have been processed. I say again that I think this is a very good set of statistics which indicates the high priority these processes have within government.

Senator ROBERT RAY—What I was going to ask you is this: it is too early days now but, if you do get recalcitrants who do not return the pack and do not submit the requests, what penalty does government put on those staff in terms of enforcement?

Senator Faulkner—It is my intention to try and ensure that there are no recalcitrants. That is my intention.

Senator ROBERT RAY—You are personally going to interview them, are you?

Senator Faulkner—No, I do not hate them that much!

Senator MURRAY—Yet!

Senator Faulkner—It is a high priority to ensure that these processes are undertaken. They are important. They have a high priority. Staff have certainly been made aware of our intentions in this regard. Senior staff and, if necessary, the responsible minister—I refer to myself—will be following it through. Recalcitrants will not be tolerated in this area, and I will try and ensure that there are not any.

Senator MURRAY—On the same line of questioning, it would seem self-evident to me that such a checking system is not shown to work until such time as somebody is rejected. I would assume that in every 1,000—or in every couple of thousand—there must be a percentage of people who are found out to be not what they said they were, claiming qualifications they do not have, for instance, which is quite a common experience in the corporate world, finding out people pretending to be what they are not. Is it your intention to report on any that are rejected—not by name—if people are rejected?

Senator Faulkner—If I am asked at subsequent hearings about progress with security clearances and police record checks, and I am asked for information in relation to those who do not receive clearance, of course I will provide that information to the committee.

Senator MURRAY—Fair enough.

Senator Faulkner—I am sure that senators will progress these matters with me, but I think it is fair to say we have given this a high priority and those early statistics are indicative of a good start on this.

Senator MURRAY—And I think that it is too early in the process to ask the question of failures.

Senator Faulkner—Yes. I am not putting it at any higher level, but I think those statistics indicate that it is a high priority and it is a good start.

Senator MURRAY—I have a different topic, through the minister, for Ms Mason. The topic concerns the certification of management accounts. Before I repeat the question, of which I pre-advised you, I would like to congratulate the department on improving the certification quite massively. Some years ago the numbers of members and senators who were not certifying their accounts ran into several pages. It really has improved. I have sent the question in writing but I will repeat it for the committee. In a similar manner to the answer to QF6 from the May 2007 estimates, could the department please provide the names of members and senators who have not certified their monthly management reports for the years 2003-04, 2004-05, 2005-06 and 2006-07. Please exclude any member or senator that has died. Please indicate if in any instances the report concerned is disputed by the senator or member and has not been certified for that reason. Please indicate what efforts have been made to get any senator or member who has not certified their reports to certify their reports. And, separately, please outline what briefing or training has been provided to new members concerning their management reports and their certification thereof. Are you equipped to answer the question?

Ms Hughes—There has been no change to the figures we gave you in the response to the answer for the years 2003-04, 2004-05 and 2005-06. Those same names are still uncertified.

Senator MURRAY—For the committee, I would just indicate that 2003-04 has only two names, 2004-05 has only four names and 2005-06 has only two names—

Ms Hughes—That is correct.

Senator MURRAY—which is why I congratulated you earlier.

Ms Hughes—We are compiling for you the list of the names for 2006-07. The numbers were over 200 for most months. The one report that had a very low certification rate, though,

was the end of financial year report, and that was sent out after the election was called, so it was during the election campaign. That could be a part-explanation for that. We will get those names to you as soon as we can.

Senator MURRAY—May I make it clear that my approach is not to name and shame. I am quite happy for you to pre-advise people that there is a time period before which you are going to provide us with questions and answers, and if they have certified by then, of course, they will not appear in the answer.

Senator ROBERT RAY—Could I clarify that? At what date did you abandon the certification that required members and senators to attest to the accuracy of the figures rather than that they were an entitlement—just to make sure it did not cover that?

Senator MURRAY—By memory, 2004.

Ms Hughes—It was following your raising the issue with us.

Senator ROBERT RAY—I know I raised it—I am sorry—but memory does not tell me when I raised it. Some people may have refused, like I did, to sign that certification.

Senator MURRAY—You were not on the list.

Senator ROBERT RAY—It does not matter. I refused to sign because I did not know whether the cleaning bill of the office et cetera was right. The department graciously took it up. So all I am asking you is, even if you are not going to name and shame, you should not even think of naming and shaming those that refused to sign it at that stage. Now it is in order.

Senator MURRAY—Let me make it clear: there are only two names for 2003-04 and neither of those are on for that reason, and there are only four names for 2004-05. So really when I am talking naming and shaming, I am talking about 2006-07, which is under the new system. My memory is that it is around 2004-05 that the system was changed.

Senator ROBERT RAY—The authority to ask members to sign these things is derived from where? Is it legislated; is it a ministerial instrument? What is it?

Ms Mason—It is simply a request. It enables senators and members to be—

Senator ROBERT RAY—It is only a request.

Senator MURRAY—That is right.

Senator ROBERT RAY—So it has no legal standing?

Ms Mason—No—that is correct.

Senator ROBERT RAY—But we should do it.

Ms Mason—The Audit Office has previously commented on this as an important accountability mechanism, and that is another good reason for doing it.

Senator ROBERT RAY—I think it is very good to do it. I am just making it clear that it is a request rather than a direction.

Senator MURRAY—That is right.

Ms Hughes—As to the question of whether we are aware of anyone who has not certified because they dispute the data, we are not aware of any cases of that nature. Generally they

will certify the report, subject to qualification. If they have an issue with particular data, they will highlight that data. That is a quite common—

Senator MURRAY—As you know, both the committee and I have previously accepted that it is perfectly valid that someone disputes or qualifies. That is perfectly proper. My last question—you will give me the rest on notice—is on whether you are providing any training, advice or briefing to new members. I think there are 45 new members and 14 to 16 new senators at the end of this year.

Ms Hughes—My colleague Greg Miles, Branch Manager, Entitlements Management, handles the training. We provided a presentation at the seminars that the respective chamber departments held. While there is an overview, we certainly emphasise accountability and scrutiny and the key part played in that by the management reports. We usually finish our presentation at these seminars for new members and senators on the note of accountability. The entitlement manager also has a one-on-one interview with all incoming new senators and members and a range of issues are discussed. We certainly go through management reports carefully in those one-on-one interviews. We have staff induction sessions that go into quite some depth. Office managers are exposed to management reports—the content and their importance—and, additionally, staff of Greg Miles's branch make themselves available on an ad hoc basis to visit senators and members during sitting periods for general or specific advice on management reports.

Senator MURRAY—It is a vast improvement, I might say, on when I became a senator. There was nothing like that on offer then. Thank you very much. I appreciate that.

CHAIR—We have covered 3.1, 3.1.1 and 3.1.2. Are there any questions on outcome 4?

Senator RONALDSON—No.

CHAIR—We will move to the Australian Electoral Commission.

[9.04 pm]

Australian Electoral Commission

Senator MURRAY—Through you, Minister—Mr Campbell, do you have someone at the table who is familiar with overseas donations?

Mr Campbell—Senator, why don't you ask your questions and we will see how far we can go with you.

Senator Faulkner—And, Senator, because it is the AEC, I am very happy for you to direct your questions to the commissioner.

Senator MURRAY—I have stats, names and details going back for a number of years, but I will just deal with the latest year of returns that have been provided by the AEC. I will just quickly read from 'five foreign donations' and 'other', because they are the categories they come into, and then I will ask you my questions so that you know what they are. The first is from Axia NetMedia Corporation, which went to the Liberal Party national secretariat for \$16,500, and that was 'other'. The second is from Hong Kong Qianjiixin Investment Company Ltd, which went to the ALP New South Wales branch—a \$100,000 donation. The third is from the Union of British Columbia Performers, Canada, which went to the ALP via

the Media Entertainment and Arts Alliance for \$23,153, under the category 'other'. Then there is one from the Screen Actors Guild of Los Angeles, California, which went to the ALP via the Media Entertainment and Arts alliance, for \$39,385, under the category 'other'. The last one is from Octogan Ltd, London, which went to the ALP via the CFMEU, for \$35,000, under the category 'other'. Firstly, Mr Campbell, could you indicate for the purpose of the committee—I have an idea but let us have it on the record—the distinction between being categorised as a donation and being categorised as 'other'.

Mr Campbell—The returns that political parties have to put in—and I will come to donors in a minute—are for total receipts. The act currently allows a discretion, which is not mandatory, that political parties split that up between donations and various other categories, including 'other'. That is not an act; that is an internal categorisation that we do. Some parties split them according to donations and others. Indeed some donors donate money that other people might think is not a donation but a purchase of a service—for example, paying for going to a dinner where there might be ministers or members of a party. That is a very general thing, but I am not quite sure where your question is leading.

Senator MURRAY—I just want to really eliminate any possibility that they were not donations. For instance, a political party might either directly or through an organisation that it has an interest in or owns have foreign investments, and they might receive an income and show it in their return. If it were investment income then it would obviously not be a donation and I presume would come under 'other'. Is that correct?

Mr Campbell—What I am saying is that, because the law does not specify strictly how the definitions go, you can have some returns that will be in the 'other' category. It could be 'donations' or it could be 'interest on income' et cetera, and we do find that with some of the bigger returns.

Senator MURRAY—On the face of it, these look like donations to me. The act provides you with the legislative power and authority and the government provides you with sufficient budget to audit or research or inquire into organisations or individuals making donations. That is correct, isn't it?

Mr Campbell—Our powers under the act are reasonably limited as to what reasons we would investigate or take further inquiries

Senator MURRAY—That is right, but if you wish you could physically visit a donor's premises in, say, Canberra, ACT and interview the managing director and say, 'We've got this record of you donating this amount; is this accurate and correct, and has it been properly recorded?' You could do that, couldn't you?

Mr Campbell—Yes.

Senator MURRAY—You cannot do that with a foreign donation, can you?

Mr Campbell—It would be very difficult, I would suspect. I do not think that has ever been tested in the sense that we have tried but I suspect that we could not do it under another legal jurisdiction.

Senator MURRAY—Well, you have no power—

Mr Campbell—That is right.

Senator MURRAY—and no authority. What is more, you do not have the kinds of resources which stretch to sending officers offshore to make those sorts of inquiries.

Mr Campbell—The reason I was being a little hesitant in my answer was that I thought it was probably within my power to send somebody to another country. I think one of the places you mentioned was Los Angeles—

Senator MURRAY—They would just close the door on you.

Mr Campbell—That is right. They might not even let me through the security down on the ground floor. That is why I was being a little hesitant.

Senator MURRAY—That is why I said you had no power and no authority. You might have a legislative imprimatur but over there you are just the same as any other Joe, frankly.

Mr Campbell—That's right.

Senator MURRAY—Are you aware that many democracies prohibit foreign donations for reasons which are varied but include the fact that they do not want foreign interference in domestic political affairs, and the fact—which we have been discussing—that it is impossible to regulate the matters under their laws?

Mr Campbell—Yes. I am aware that there are nations that prohibit donations from overseas. They probably have different definitions of 'overseas' in terms of the ownership of companies but, yes, there are countries that do that.

Senator MURRAY—On the record, I want to make it clear that I am not implying any wrongdoing by any of these organisations, because I simply do not know. But the fact is that if there was an allegation that some improper person or organisation sat behind these donations, and had made these for an improper purpose, it is true, isn't it, that neither you nor the AFP—unless there was a criminal allegation—could effectively investigate these further?

Mr Campbell—That's correct.

Senator FORSHAW—I would like to ask a few questions about overseas voting. I appreciate that there will be the usual inquiry by the joint standing committee into the conduct of the last federal election so I am happy to leave a number of issues to that inquiry. Can you tell me who determines the hours of voting in person at overseas voting locations?

Mr Dacey—In the main it is determined, with our guidance, by the actual posts overseas. In determining those hours of operation, particularly in some posts, a lot has to do with security arrangements. For instance, in London, I am not sure of the timing but I know that they were not open until 5pm or 6pm each day for overseas voting because of particular security arrangements that have to be made with the Metropolitan Police Service in London and other areas, and because of the particular crowds that were fronting up to Australia House to vote. But, in the main, voting is available in person from when they get the ballot papers from Australia until—if they can stay open—the close of the poll in Australia. Most polls being behind us in time—except for a few in the Pacific and the US—they would not open on polling day because polling day has often gone by the time they get to open.

Mr Campbell—There was some concern expressed because of the Thanksgiving holiday in the United States just before election day. Is that what you are coming to?

Senator FORSHAW—You must have my list of questions. Is there a parameter of hours, or a spread of hours, that you would expect the posts overseas to be open for voting? Taking into account the time differences and the arrival of the ballot papers—and I want to come back to that in a moment—is there a requirement that these locations be open for a minimum number of hours or days?

Mr Dacey—No, Senator, there is no requirement.

Senator FORSHAW—Is there advice given by the Australian Electoral Commission about what they should endeavour to do in this regard?

Mr Campbell—Senator, we do it for two weeks. There are no hours set. But it is an extra function that posts do. We sent one officer to London this year, as we have done for previous elections, and one officer to Hong Kong. But we are not even funded for that, really. This is an extra function that the posts do. Given that we had 104 posts this year, a lot of them are in environments where there are real security issues or the facilities at the high commission or the embassy are not great and they have to take other premises. It goes for two weeks, and we are really reliant upon and very appreciative of the goodwill of officers of the Department of Foreign Affairs and Trade in those posts.

Senator FORSHAW—Mr Campbell, you just mentioned the security of the high commission or the embassy? What do you mean by that—security for voting purposes or security for other reasons?

Mr Campbell—If the voting is held within the premises, the voters will have to enter through the normal security arrangements of that post. We might have slightly different security arrangements if we have an off-site voting centre but, then again, that is expensive. Some of our overseas sites take thousands of votes, but some take only five or 10. I want to make it quite clear that I am very appreciative of the help that staff from the Department of Foreign Affairs and Trade actually give us in this process.

Senator FORSHAW—You said you had 104 posts at the last election.

Mr Campbell—We had 104 posts in 2007, yes.

Senator FORSHAW—Who determines which posts will make voting available? We are talking firstly about people who want to vote in person, but of course also about those who want to apply for or lodge postal votes.

Mr Dacey—That is right. In the main it is available at all posts, unless there is some particular reason the Department of Foreign Affairs and Trade has for not opening a post. We can probably get some information for you on any posts that we operate that did not operate for some form of voting.

Senator FORSHAW—Thank you. Are the hours for voting at each of these locations determined by the particular post?

Mr Campbell—Yes.

Mr Dacey—Quite often particular posts that provide consular services may, because of their nature, their security or their size, only operate for shortened hours during the day anyway. They may not operate on a 9 to 5 or an 8 to 5 day.

Senator FORSHAW—I will be up-front about this. I happened to be in New York when voting opened at the post there, which has prompted me to ask these questions. But is there no minimum standard or requirement by the AEC?

Mr Dacey—No, Senator, it is purely up to the department.

Senator FORSHAW—Has that always been the case over the years? I am sorry if I am going back over some old ground here.

Mr Dacey—Yes, Senator.

Senator FORSHAW—As I said, I appreciate that these issues will no doubt be pursued in the Joint Committee on Electoral Matters—and I am sure I am going to have a lot of questions to put through that process—but are you able to tell me now the number of people who voted in person overseas or who lodged postal votes overseas at the 2007 election compared with the number at the 2004 election?

Mr Campbell—I can give you the 2007 figures. We do not have the 2004 figures here with us. For the 2007 pre-poll, 59,747; 10,312 PVAs were issued; and 9,465 postal vote certificates were received. That is a total of 70,059, a two per cent increase on 2004, which was about 68,000.

Senator FORSHAW—You mentioned that in New York the ability to vote was closed early—the pre-poll was closed early because of Thanksgiving, which was on the Thursday. But it was also not available on the Friday, which was a decision of the consulate. Let me say—I will put this on the record—that my direct experience there was that the staff at the consulate and everybody involved were extremely helpful and did the usual job of assisting people who voted—because I had the opportunity to experience that. The voting opened at 9 am on the Monday; the hours were 9 am to 5 pm, Monday to Wednesday. I will come back to the availability of ballot papers in a moment. It was closed on Thursday for the public holiday of Thanksgiving. It was also closed on Friday because the consulate was closed that day, and it was not open, of course, on Saturday. That was a determination of the consulate, was it?

Mr Campbell—The reason I raised Thanksgiving is that two weeks ago we had a complaint from a person in Australia whose son ran into problems in New York. That was the first we had heard about the problem. He had even said there was an issue on the Wednesday afternoon.

Senator FORSHAW—I thought I would leave it till today rather than get in touch earlier. But go on.

Mr Campbell—I do not think it was you who was ringing up. We have now gone to Foreign Affairs and asked them what was actually happening, because the concern raised by the parent—who is resident in Australia—is that it was even closed on the Wednesday afternoon. We were not aware of that, and we were not aware that the consulate closed on the Friday. We have now—and I am trying to avoid the question here—gone to Foreign Affairs, and we are waiting for them to come back to give us information on it.

Senator FORSHAW—It would be useful if you could supply that information to the committee when you obtain it. Certainly the advice that was on the website and was distributed by the consulate was that it was to be open in New York from 9 am to 5 pm from

Monday to Wednesday, closed on Thursday for Thanksgiving and closed on Friday. That was it. The next issue I want to raise at this point is the supply of ballot papers. Can you advise me of the arrangements for ensuring that ballot papers get to the posts for overseas voting in line with what those posts advertise as the hours when the voting will be open?

Mr Campbell—I might ask Mr Orr to come to the table to answer that in fine detail. I think his expertise will be able to handle all those questions.

Mr Orr—In 2004 and 2007 we changed the way we provide ballot papers to overseas posts. Whilst we still provide printed ballot papers to the larger posts, we now aim to provide to posts electronically—through the secure intranets of Austrade and DFAT—ballot papers for all House of Representatives and Senate electorates by the Sunday of the nominations weekend. We provide the data to Austrade and DFAT in Canberra, the data are put on the intranets and then the posts are in a position to commence production and distribution of postal voting material prior to the normal period that has been available in the past. We try to make sure that every post is in a position to start issuing ballot papers from the second Monday after the nominations weekend.

Senator FORSHAW—You have referred, first of all, to postal votes.

Mr Orr—Yes.

Senator FORSHAW—We understand that many people overseas apply for postal votes through the various diplomatic posts.

Mr Orr—Yes.

Senator FORSHAW—Can you then clarify what dates you are particularly referring to with regard to the last election?

Mr Orr—Polling day was the 24th. On Sunday, the 4th, we made the information available electronically to the Department of Foreign Affairs and Trade and Austrade. They had to place it on the intranets, which I assume would have been available from the next day—the Monday.

Senator FORSHAW—Which would be the—

Mr Orr—Which would be the 5th.

Senator FORSHAW—That is, 5 November?

Mr Orr—Yes, 5 November. I would assume that by that stage posts would have been compiling postal applications that would have been sent to them progressively. Subject to their local arrangements, they would then have been in a position to commence preparing and dispatching postal vote material to electors in their relevant areas. The aim was to—

Senator FORSHAW—By what date?

Mr Orr—As soon as possible. The aim is that, as soon as the postal vote applications are received and the material to satisfy those is available, that will be distributed from each of the posts—as it is, indeed, in Australia.

Senator FORSHAW—Yes, but are you now talking about the fact that ballot papers would be distributed to those people?

Mr Orr—Yes, along with their postal vote certificate material.

Senator FORSHAW—So from what date do you believe that would have been available?

Mr Orr—It should have been available in Australian time from some time on that Monday, the 5th. Now, the post may have had slightly different arrangements in place, but that should have been the time.

Senator FORSHAW—So anybody who had applied for a postal vote early enough and it was in the system should have received back in the post—say, in the US—the ballot paper to fill in some time after 5 November. Is that a fair statement?

Mr Orr—Yes. The earliest possible time for that to have been dispatched would have been in that time frame.

Senator FORSHAW—Does that mean that the overseas post actually had ballot papers from that date?

Mr Orr—They had electronic versions, so it meant they had to print them out. It was to satisfy any urgent demand or if they ran out, in the main, but also to allow satisfactory provision of some urgent voting material. In terms of, say, the large state Senate ballot papers, they would come in three parts; they had to be printed individually and stuck together et cetera.

Senator FORSHAW—But these ballot papers are available online—

Mr Orr—Yes.

Senator FORSHAW—for the particular overseas post which is now operating as a polling place to download and send out in the post to anybody who has applied for a postal vote from shortly after 5 November?

Mr Orr—As I said, they were made available by two means. We never sent actual ballot papers to some posts because demand was so low historically. So some of the larger posts, because of demand, may have waited till the fully printed ballot papers came along. That would have been easier for them to manage, particularly in the case of the Senate. But the ballot papers were available.

Senator FORSHAW—We have been talking about postal votes. Let's talk then about people who come in to vote at the mission or post. In New York, the polling booth opened at the consulate on the Monday prior to the election—so that was Monday, the 18th. The hours that were specified if you wanted to vote in person, and I have the notice here, were on the Monday, Tuesday and Wednesday from nine till five. I can say to you that, in fact, ballot papers were not available for people who turned up to vote in person on the Monday. People were not able to actually vote in person on the Monday, which meant that they had the Tuesday or Wednesday to vote.

Senator MURRAY—Morning.

Senator FORSHAW—Morning, it now appears. I was busy somewhere else on the Wednesday afternoon. But people had at the very most Tuesday and Wednesday to vote in person. And the excuse that was given was that the ballot papers were not available for people on the Monday. I am wondering why this happened.

Mr Orr—With some posts, we are reliant, as you would appreciate, on getting material delivered all over the world in hard copy.

Senator FORSHAW—I am sorry to interrupt, but if they are online can't they download the online ballot papers at the post?

Mr Orr—That is possible, yes. In relation to New York, I understand there was a delay in the delivery of ballot papers to that particular post.

Senator FORSHAW—For New York?

Mr Orr—For New York. My understanding is they delivered on 16 November, which was the Friday a week before polling day, and in the Monday to Thursday of that week, the second week before polling day, demand was low and they were able to print off the required ballot papers from the website. That is my information.

Senator FORSHAW—Well, you have got me confused. I do not want to take up a lot of time on this, but my clear recollection—I was there—

Mr Campbell—You were there 10 days before polling day rather than four days before?

Senator FORSHAW—I was there both days.

Mr Campbell—Both weeks.

Senator FORSHAW—But, certainly, when polling in person opened on the Monday prior to election day on the Saturday—

Mr Campbell—So you mean the Monday immediately before polling day?

Senator FORSHAW—yes—people were told, 'The ballot papers are not available today, they have not arrived; you must come back on Tuesday.'

Mr Campbell—I think we should take this one on notice. I am hearing that they had the capacity to actually issue ballots two weeks before polling day.

Senator FORSHAW—Yes—that is what I am trying to understand.

Mr Campbell—We are acknowledging that the hard copy ballot papers that we had to print here and then ship were not there until the weekend before polling day, on the Friday or the Saturday, so to my mind they should have been available on the Monday for people walking through the door—

Senator FORSHAW—That follows.

Mr Campbell—but, in the week before, they had the capacity to do that. So I think we need to take that question on notice.

Senator FORSHAW—But there was no in-person voting in the week before. The only days in which voting was available was on Monday, Tuesday and Wednesday immediately prior to polling day.

Mr Campbell—It is interesting. New York issued 1,437 pre-poll ballots, but I think we need to—

Senator FORSHAW—I know—a lot of people rolled in on the Monday and could not vote and they rolled up again on the Tuesday and the Wednesday. I will not take that any further.

Mr Campbell—We will take that one on notice. We will come back on that one.

Senator FORSHAW—We will get a chance to pursue this through the inquiry. There are a range of issues that flow from this as to the arrangements for voting overseas, because I think we understand that there is an increasing—you said two per cent—focus on this; better opportunities and so on.

Mr Campbell—Not wanting to prolong it, given that we only have a three-week window from when we print the ballot papers—and we print them over a weekend—to election day and given that we are dependent upon the postal services in other countries, three weeks is not a long period of time.

Senator FORSHAW—I do not want to labour the point, but there is a diplomatic post arrangement with the missions.

Mr Campbell—My point is that—

Senator FORSHAW—It gets the mail to and from the missions.

Mr Campbell—I am not talking about that mail to and from the missions; I am talking about when the postal vote is being distributed from the post—

Senator FORSHAW—Sorry—my issues do not relate to postal voting; my issues relate to people coming in to vote in person.

Mr Campbell—We have had some complaints from people where the postal services in the country are less than satisfactory.

Senator FORSHAW—That is out of our hands. I am talking about the delivery of ballot papers from Australia to the post and the opportunities for people to vote in person at the post. I will leave it at that and will pursue it on another occasion.

CHAIR—Senator Murray has to finish his questions.

Senator MURRAY—I have a very brief question. It is not beyond the bounds of possibility, given the uncertainty of life in politics, that by-elections might occur before you have presented your submissions to the Joint Standing Committee on Electoral Matters inquiry into the 2007 election and they have finalised their report and recommendations to government. Have you been requested or is it your intention to provide a brief to the special minister of state as to any urgent matters which might be addressed in legislation, arising from your experience and understanding of the 2007 election?

Mr Campbell—We are still going through it. Because the return of writs only occurred on the Friday before Christmas—and also our staff were working particularly on the Senate ballots in the last two weeks—and with some leave in January for staff, we are now embarking upon our national election conferences in each state and then the national one. The issues that have come to mind to us so far—as distinct from policy issues that the government might already have in mind—are really administrative issues and not policy issues that would require legislative change.

Senator MURRAY—Yes, but in my mind I identify some issues which you might describe as policy issues which would be informed by your statistical analysis. For instance, the provisional vote area is markedly different from the past and might require legislative change.

Mr Campbell—Now I understand the sort of thing that—

Senator MURRAY—My purpose in asking the question is that there might be a few items which would need legislative fixing or attention before any by-election. That is what I am asking.

Mr Campbell—Probably the one that comes to mind most readily is the issue of provisional voters. We have not provided the minister with a briefing on this but it will be coming shortly. If the issuing officer cannot find their name on the role and they grant them a provisional vote, but they do not show POI, we cannot admit that vote through preliminary scrutiny because they have not shown POI, even though, when we have gone back to the office, we know that the issuing officer made an error. That, to me, is a real problem in the act.

Senator MURRAY—I have seen fairly detailed analysis of that already. I think it is a concerning matter.

Mr Campbell—Yes. I think it was an inadvertent problem in the act.

Senator MURRAY—The government and the department might not agree but all I am asking is: are you going to be bringing these matters forward?

Mr Campbell—That is one issue. The other issue, which I am not sure would require legislation, is briefings on the growth in declaration votes, because the growth in declaration votes this time, particularly in prepoll, was nothing short of extraordinary.

Senator MURRAY—May I conclude by congratulating you and your officers on conducting yet another election very successfully.

Mr Campbell—Thank you, Senator.

Senator MURRAY—Having experienced elections elsewhere in the world, it remains a beacon.

Senator FIFIELD—Mr Campbell, how does the AEC go about forming a view as to the eligibility of a candidate for election? Obviously you firstly rely upon the information provided by the candidate in their nomination form. Could you take me through how you form a view as to eligibility?

Mr Pirani—The legislation requires the candidate to fill out a nomination form. Part of the nomination form includes a declaration that the candidate declares that they are eligible under the Constitution to be a candidate and they meet the other requirements in the act relating to nomination. I note from previous JSCEM reports that it has been accepted that the AEC's role is not to inquire behind the nomination and the declaration on that nomination form. So we go through a process where we look at the criteria that is in the act in relation to putting in a nomination, it gets lodged with the relevant officer—the divisional return officer if it is the House of Representatives; if it is not a group nomination for the House of Representatives, the

Australian Electoral Office of the relevant state for the Senate—and we accept the nomination if it complies with the various requirements on the form and in the act.

Senator FIFIELD—So the onus is on the candidate to make sure that they comply with the Constitution and other requirements.

Mr Pirani—That is correct.

Senator FIFIELD—And you rely upon their honesty in doing so.

Mr Pirani—That is correct.

Senator FIFIELD—You would obviously be well aware of Mr Newhouse, who was the ALP candidate for the seat of Wentworth at the last election, and some of the controversy surrounding him and the question as to whether he held an office of profit under the Crown by virtue of his failure to resign from the Consumer, Trader and Tenancy Tribunal of New South Wales.

Mr Pirani—Yes, I am.

Senator FIFIELD—It does look from an outside observer as though it was a fairly open and shut case of ineligibility according to the Constitution. In that sort of circumstance, where there is public questioning of someone's eligibility—I take what you said before that the onus is on the candidate themselves and it is not the particular responsibility of the AEC to make inquiries, but we have a circumstance where there is a clear public controversy—does the AEC take any steps to inquire or does the AEC merely wait until such a point as that may be challenged through the courts?

Mr Pirani—The AEC has no power to inquire into it. Unlike what Senator Murray was referring to earlier in relation to our powers under part XX of the act in the financial disclosure area, we have no specific powers of investigation—to force people to answer questions, to seek access to documents and matters like that. If we do become aware of allegations of a criminal offence then the normal protocol is that if a prima facie case is presented to us and there is sufficient evidence, we would refer the matter on to the Australian Federal Police and get them to examine what we have and determine whether it is appropriate for them to investigate. In relation to matters of whether a candidate is qualified under the Constitution, history clearly shows that the appropriate venue for dealing with that is the High Court, where challenges in relation to dealing with those sorts of allegations take place.

Senator FIFIELD—This may not be a question for you; it might be a question for one of your colleagues. Has the AEC determined the public funding that the ALP is eligible for in Wentworth?

Mr Campbell—The fact remains that Mr Newhouse's candidacy has not been ruled out, so the votes that were—

Senator FIFIELD—I appreciate that.

Mr Campbell—The votes that accrued to the ALP in the seat of Wentworth are eligible for public funding and they have been paid.

Senator FIFIELD—Do you know what the amount was for the ALP in the seat of Wentworth?

Mr Dacey—It was \$56,503.56. That was 26,903 votes.

Senator FIFIELD—Given that the election is in the past is there still a capacity for somebody to challenge, through the courts, the eligibility of Mr Newhouse?

Mr Dacey—We are not legal experts on the Constitution, but in terms of the Court of Disputed Returns, he was not elected anyway.

Senator FIFIELD—I appreciate that.

Mr Campbell—The 40 days has expired.

Mr Dacey—On 30 January.

Senator FIELDING—I guess my question is leading to this. You could have a case where someone was ineligible to stand for election but it was not challenged. That person, if they are ineligible to stand, may have enabled the political party to receive public funds under false pretences. So I am just wondering what remedy there might be for that sort of situation? In that circumstance, where public funding has been paid, it is immaterial whether the candidate won the seat or not. There is the Court of Disputed Returns if someone has grounds for challenging—the person should not have won the seat because they were not eligible to stand in the first place—and that is fine. Let us just assume that that happened in a hypothetical seat where someone was knocked out for that reason.

Mr Campbell—How would they be knocked out for that reason after the election?

Senator FIFIELD—If someone is elected to a seat then it is challenged in the Court of Disputed Returns and that person is found to have not been eligible to stand, by virtue of office of profit under the Crown, and then the result is declared void, would that challenge have to take place—you mentioned 40 days—and the public funding not be paid until after—

Mr Campbell—No, the public funding gets paid very quickly. Indeed, 95 per cent gets paid within several weeks of the return of the writ. The last time I am aware that this occurred was in the case of the election of Phil Cleary in the seat of Wills in the early nineties. He was found after that first by-election to being ineligible, and the money was not recovered.

Senator FIFIELD—So there is no provision to recover money in that circumstance?

Mr Campbell—As far as I am advised, no.

Mr Pirani—It was the same in relation to the case of Free and Kelly in 1996. There is also some doubt as to whether our legislation would authorise the recovery of money in that circumstance.

Senator FIFIELD—Some doubt because it has never been done and because the AEC has never sought to test its legal power to do so?

Mr Pirani—It has never been done. The fact is they did stand as a candidate. In Free and Kelly, for example, in 1996, the High Court held that Ms Kelly was not eligible to stand in relation to her seat and therefore the money was not recovered.

Senator MURRAY—The law was changed as to the way in which money shall be paid. So, with respect to parties, it would now be easier to recover than it once was; with respect to individuals, it would be no easier.

Senator FIFIELD—Mr Campbell, is that situation something that is of concern to the AEC—that you could have someone who was actually ineligible to stand obtaining public funding?

Mr Campbell—It is not on the top of my list of priorities, both for possible legislative change and for administrative change. There is greyness in all of this because the test will come very rarely. I can remember two or three days before the recent election that a statement was put out claiming that 13 candidates were ineligible. I do not know what test was run there. If a person is not elected and does not get to the four per cent threshold, it is not an issue. If they are elected then there is the Court of Disputed Returns and the avenue for other people to take. So there is really only the case where they are not elected but they get over the four per cent threshold. Given the other priorities around, it is not a high priority for the AEC.

Senator FIFIELD—Sure. I guess I see two issues here. One is where a matter might go to the Court of Disputed Returns and someone might be tested in that court and found not to have been eligible to have been a candidate. I would be concerned in that case with public funding having been paid and not being able to be recovered. The second instance—and I guess this is the more difficult one—is there not being an avenue, even for a failed candidate, for there to be a challenge or a legal test of their eligibility to be a candidate in the first place. Again, that could lead to public funding being paid where it ought not to have been paid. I just register those two concerns. It may be something that the JSCEM could look at. I know that is not within your jurisdiction, but that might be an appropriate place for that to be looked at.

Senator RONALDSON—Mr Campbell, I would assume that the appropriate expenditure of public funds must be high on your priority list, though, wouldn't it?

Mr Campbell—Yes, very high on my list.

Senator RONALDSON—In looking through your corporate governance statement, I would have been surprised if your response was not as it was. In that situation—and I do not know whether you or Mr Pirani would like to answer this—when you are confronted with the clear evidence that I understand the commission has been provided with in relation to Mr Newhouse's non-resignation within the time required by the Constitution, it must at best be galling to be paying public funds. Secondly, it must raise with you the question, to take up Senator Fifield's question, as to how this can be addressed. The information I have been provided with is that there is an undated letter from Mr Newhouse which arrived at the office of Minister Linda Burney, the New South Wales Minister for Fair Trading, on 2 November, the day after a resignation would have been required. I think on any reasonable test an undated letter received in a minister's office, where the resignation was required to be tendered, after the event shows that this is a clear case of \$56,220 or whatever it was which has been inappropriately provided to the Australian Labor Party through Mr Newhouse. And when confronted with evidence such as that, I put it to you that it must be particularly galling to have to write the cheque to expend public moneys.

Mr Campbell—Can I make it quite clear that the AEC has not said that Mr Newhouse was ineligible to be a candidate.

Senator RONALDSON—I accept that.

Mr Campbell—No, I think you said at the beginning that we accepted that he was not eligible to be a candidate. We have not accepted that. That is not in our province to accept or deny.

Senator RONALDSON—Mr Campbell, if that was your interpretation, I apologise. I most certainly did not mean to indicate that.

Mr Campbell—I am in the position here where it is not clear to me—time has now passed, but even during the time—that Mr Newhouse was not eligible to be a candidate because it was not in my province to make that decision, to do the investigation or to make that decision. I do not have anything in front of me that says Mr Newhouse was ineligible. I am not saying he was or he was not. I know the dates and I have seen all of the issues you have said about the letter.

Senator RONALDSON—Yes, I understand.

Mr Campbell—So the first part of the answer is that, from the AEC's point of view, he was a candidate for the election. He stood in the seat of Wentworth. He got votes. Under the regulation, the rules set out in the act, he got to the four per cent threshold and so public moneys were paid. Going on to a hypothetical question as distinct from Mr Newhouse, which I think might be a better way to handle this, if your hypothetical question to me is would I prefer to have a statute that made sure that the eligibility of all candidates was determined before any public moneys were paid, then I think that is something that would be worthwhile looking at. But I would want to handle it in the hypothetical because, as far as I am concerned, under the provisions of the act Mr Newhouse has not been proved to be ineligible to be a candidate.

Senator RONALDSON—You are absolutely correct that he has not been proved to be ineligible, because it has not been able to be tested. So in that respect you are absolutely right.

Mr Campbell—But isn't that the conundrum? What happens here is, and it comes back—

Senator RONALDSON—I am fully aware of your conundrum.

Mr Campbell—No, the conundrum is because most of this will only arise—except for the one case where they get more than four per cent and they do not get elected—in the cases we are aware of, where the candidate has been the successful candidate and then there has been an appeal to the Court of Disputed Returns. The issue here is the provisions that the AEC has about how quickly we have to pay out the public funding. The 95 per cent is within 20 days of the election and then the remaining five per cent as quickly as possible. Of course the Court of Disputed Returns timing is 40 days after the return of writs. The 95 per cent has to be paid out a lot quicker under the act than the timing for the Court of Disputed Returns. So you can see we have some things here that create, if you like, some form of tension.

Senator RONALDSON—And the real issue, as in the Newhouse example, is where you do have someone who receives more than four per cent but does not win. That is where the greatest risk to the public finances is, because they are, of course, going to be the ones who will have attracted the greatest number of votes and therefore would have attracted the greatest amount of funding. Is the AEC the appropriate body to be given some powers to make those determinations if there is a challenge? Have you had any thoughts about that?

Mr Campbell—To be honest, the last thing I would want in the three-week period of time between close of nominations and election day is to be having court cases that the AEC was managing on the eligibility of candidates. In other words: that is a three-week period when that would be a very onerous task for us. As I said, three or four days before the election a press release was issued by a member of the parliament saying that 12 or 13 candidates were ineligible not because of residency or citizenship issues, but because they had not resigned from various boards.

Senator MURRAY—The question surely is: is there a provision for losers to be taken to the Court of Disputed Returns? I do not think there is and, yet, what you are doing is disputing a return. You should not in theory just be disputing a winner's return; you should be able to dispute a loser's return. It would seem to me that that is the area which perhaps you should consider when this matter is brought up before the Joint Standing Committee on Electoral Matters.

Senator WEBBER—Bearing in my mind what my colleague Senator Forshaw was saying, I am aware that there will be a JSCEM inquiry but, like others, I cannot guarantee I will be here for that so I thought I would raise some issues now. My issues are particularly about absentee voting and pre-poll voting in regional seats, particularly in Western Australia. As you would be aware, we have lots of room workers who come from all over the country. I was wondering whether the AEC actually did any further investigation about the services they need to provide to new mine sites, where people are extremely isolated for two or three weeks at a time, to allow people to access their democratic rights. Was there any investigation?

Mr Orr—In the last two years, from the 2004 election, the AEC undertook a look at early voting services generally. One of those was of course pre-poll voting, and certainly regional issues were looked at. In, for example, Queensland we looked at the provision of the use of courthouses in rural areas to facilitate pre-poll voting. In the west there was a focus on the service to mine sites and oil rigs et cetera. I do not have with me the range of services that were provided in what mine sites, but I know that it was a priority for our state management in Western Australia to provide services to as many mine sites as they could. I just cannot be specific tonight.

Senator WEBBER—Can I raise some specific issues with you. I am aware of at least one mine site of 300 workers. They were bussed into Newman Primary School, but you had run out of interstate ballot papers so they were all turned away and could not vote.

Mr Orr—I am not aware of that.

Senator WEBBER—You can take it on notice and get back to me.

Mr Campbell—We will come back to you on that one.

Senator WEBBER—I finish soon so I cannot guarantee I will be here for the JSCEM inquiry.

Mr Campbell—We will come back to this committee as well as JSCEM.

Senator WEBBER—That would be lovely, because it is a real concern. The concern that has been raised with me by a number of people is the restricted access to interstate voting in townships within the federal electorate of Kalgoorlie, because as you would be aware, towns

are thousands of kilometres apart yet there is limited availability for interstate and pre-poll voting.

Mr Orr—Could provide the details of the mine sites?

Senator WEBBER—I will give you a list. I am aware of at least one mine site of fifteen hundred people you did not visit. Those people are so isolated that they could not come into a town.

Mr Campbell—Some issues about Kalgoorlie have been raised by one other state member of parliament. There are a couple of issues there. We think some are probably not serious but others are. One of the things we are going to try to improve on is getting these people at Perth airport before they go out.

Senator WEBBER—Do you go to National Jet or do you just go to Qantas when you are at Perth airport?

Mr Campbell—There has been a bit of an issue about whether or not we got to all the gates this time, and that is one of the things we are investigating.

Senator WEBBER—They are not gates; they are different sides of the airport.

Mr Campbell—Yes, I know where the gates are. There was also a—

Senator WEBBER—Most of the mine charters go out at National Jet, and I have never seen you there.

Mr Campbell—Some of them go out at 5.30 in the morning, and we did not have people there at 5.30 in the morning. We will. The other point I make is that some mining sites will not let us on. I do not know the mining sites you are talking about, but some mining sites say no. That is up to them—they may have good reason—but that then creates problems. We just cannot automatically walk onto a mine site.

Senator WEBBER—I understand that there are issues about that. I am particularly concerned where the mine site does bus them in but you do not have the ballot papers for them. There obviously is not much knowledge of the industry in the town of Newman, yet Newman is a mining town.

Mr Campbell—To me, that is not acceptable.

Senator WEBBER—Absolutely.

Senator FIFIELD—Mr Campbell, periodically at estimates we raise the subject of the incidence of multiple voting at federal elections. Would you remind the committee of the processes the AEC has in place to detect incidences of multiple voting in House of Representatives seats.

Mr Campbell—To be very brief about it, straight after polling day we pull all the certified lists together and we have them scanned by division. Part of that scanning process is to pull out multiple marks. We then check those multiple marks—because often a multiple mark will come about because a person has pressed very heavily on the clock mark on that page and has actually come through to the next page and the scanner picks it up. Of course, that person on the next page has voted somewhere else, and they will come up as a multiple voter. So we go

through and we pull those out. The next step is that we write to those who are left. This year we have written to 20,500 people.

Senator FIFIELD—Is that across Australia?

Mr Campbell—It is across the country in 150 divisions. Lest you panic about that, most of those will come back and say to us, no, they did not vote twice. At the same time as that, we are doing a match with the nonvoters. We have already written out to the multiple voters, and we started writing out to the nonvoters yesterday. What we will find is that we will have a person who is a dual voter—that is, they voted twice according to the certified list—and then we will write to the person one above them or one below them, or to a person with a very similar name such as their father or their child, and say, ‘You didn’t vote.’ They will come back and say, ‘Yes, we did vote, and we voted at such and such a polling place.’ What then happens is that we find that the 20,000 instances of multiple voting that we started out with come down to the hundreds? In that case, there are a small number of people—and I take this as just one example—who are aged, who have a postal vote before the election and are then taken out by a well-meaning family member. That is a very small number. In terms of total numbers across the country, most divisions have fewer than 10 proven dual voters. We will have all these statistics for the joint standing committee in a short period of time when we have done all the analysis. For example, for those who voted more than twice in the 2004 election, we referred 64 cases of apparent multiple voting—more than twice—to the Federal Police.

Senator FIFIELD—That was for the 2004 election?

Mr Campbell—Yes. As you can see, while we started out with 20,000—a number which sounds like quite a lot because that is over 100 per division—it comes down very quickly. We will give a full report to the joint standing committee when we have got all the responses to the letters back and we have pulled it all together. Senator, you will recall that last year we gave you the 2004 report as an extra.

Senator FIFIELD—For that figure of 20,500, are you currently in a position to give a breakdown by state?

Mr Campbell—I do not have it here with me, but I certainly can give it to you, yes.

Senator FIFIELD—So you will take that on notice?

Mr Campbell—I can give it to you by division, actually.

Senator FIFIELD—Okay. That would be great. I was going to say that I would be happy just with my state of Victoria, but if you can do it for each state and for each division as well that would be terrific. Is the AEC currently proposing any measures to assist in eliminating the incidence of multiple voting—either the apparent multiple voting by pressing too hard or putting lines in the wrong spot—

Mr Campbell—We fix that anyway, because we match them with the apparent nonvoter, and the nonvoter becomes a voter and the multiple voter does not become—

Senator FIFIELD—It is not a perfect process, though.

Mr Campbell—No.

Senator FIFIELD—It must take your organisation a fair bit of time. Do you have plans to make life easier for yourselves?

Mr Campbell—I have been thinking about this in recent times. There are a couple of options, but I am not necessarily proposing them. One would be to require proof of identity within the polling place, but that still would not stop a person doing a declaration vote because of confusion, and then doing an attendance ballot because their son or grandson has taken them. So that will not remove it all. One way some countries do it—including advanced countries—is to have precinct voting, where you can only vote at one polling place.

Senator FIERRAVANTI-WELLS—Yes, the Italians—

Mr Campbell—The Canadians do it.

Senator FIERRAVANTI-WELLS—are very good at having lots of elections. They're experts at it.

Mr Campbell—If you look at participation or turn-out rates in those countries, you will see that they have real problems with participation. I am not drawing a complete relationship but I am saying that you have to look at all these things together. One other option—I am not necessarily proposing it, because it would be horrifically difficult logistically—would be electronic rolls in the polling place. If you have a look at the report that the AEC gave to the joint standing committee after 2004 you will see that the number of proven or admitted cases of multiple votes—that is, dual voting—is usually fewer than 10 in any particular division. I am pretty confident that the report we give this time will be of a very similar order of magnitude, because we have already seen the answers coming back in.

Senator FIFIELD—Just finally, I want to raise the future of the national tally room. I am trying to recall last time. I think you are open-minded, if not inclined, to its demise, but that JSCEM was going to be taking a look at it.

Mr Campbell—JSCEM had a reference and made a recommendation that it continue but that the government look at it after the election. I think there are still arguments on both sides of the ledger.

Senator FIFIELD—I am a big fan of the tally room. I like the tradition and the theatre of it, although I must say that it was an extremely noisy theatre on election night.

Mr Campbell—That was no fault of the AEC.

Senator FIFIELD—Absolutely.

Senator RONALDSON—Nor ours, I can assure you.

Senator Faulkner—I am silent on this.

Senator FIFIELD—Thank you. Senator Faulkner, on this issue, do you have a view as to the future of the tally room? Should it remain or not?

Senator Faulkner—I have had a personal view, which I think you share. I think I may have expressed this in fora that you have been present at. But no longer do I necessarily bring a personal view to the table. Obviously at some point I am expecting the commissioner to brief me on the commission's view on the future of the tally room. Obviously, I would be taking account of the Joint Standing Committee on Electoral Matters. It is an issue for the

government to give consideration to. It has now become, I think, a regular issue of debate and consideration before every election. That is where we find ourselves. The future of the tally room has almost become perennial. It will need to be considered during the life of this parliament, and well in advance of the election. I can assure you that I intend to do that and the government will do that. The views of the parliament, the commission and other interested parties—which include, obviously, media outlets and the like—need to be taken into account as and when a decision is made.

Senator RONALDSON—When do you believe you will be in a position to report back to the joint standing committee on the 2007 election?

Mr Campbell—I am assuming that the parliament will set up the committee, with terms of reference et cetera, in the coming weeks. They will then give us a timetable of their hearings and reporting. We may follow a similar pattern to 2004, and I am not seeing anything different this time. Last time we did a series of submissions: several by June which were very factual and then several after June, picking up policy issues and issues which were being raised by other people. That committee found that very useful. In the end, we did seven or nine submissions, but certainly most of the ones that give the meat of the data of the election—the sorts of things that we have been talking about tonight he about declaration votes, about multiple voting et cetera—were done by the end of June in the first two submissions. I am envisaging that we will be in a similar position to do that in that timeframe.

Senator RONALDSON—Did you have any involvement in the ballot process for the most recent Australia Post EBA or union ballot for a strike action?

Mr Campbell—That was a protected action ballot. Almost certainly we did. Out of the several hundred that have been done since that provision came into effect, we have done all but a handful. I am sorry, I do not have the details with me.

Senator RONALDSON—Could you take on notice whether there were any complaints made by any of the parties regarding the conduct of the ballot process. Could you also take on notice whether it was reported to you that certain documents were circulated that deliberately misrepresented various positions.

Mr Campbell—Is this the ballot that was run about four or five months ago?

Senator RONALDSON—Yes, I think so.

Mr Campbell—That was the one where there were certain concerns, both in Victoria and New South Wales, about certain behaviour, about ballot papers, or about things being said and documents being circulated?

Senator RONALDSON—I do not think that the complaints were in relation to the way the AEC handled it.

Mr Campbell—We did do that one. That was in about August or that period of time. For the details, I would have to take it on notice and come back to you.

Senator RONALDSON—If you could take those on notice, that would be good.

Mr Campbell—I am sorry. When you said recent, I thought you were talking about in recent weeks.

Senator FIERRAVANTI-WELLS—I have a couple of questions following up on last estimates. You referred to the campaign that you were undertaking in relation to enrolment prior to the last election. Would you give us a rundown on how that panned out in terms of final enrolments?

Mr Campbell—As we have said at earlier estimates, we were taking a multipronged approach starting from the beginning of the year with young people. We had a very significant media campaign starting at the end of May, with a second tranche in August-September. The other things we did were: internet, both domestic and overseas; newspapers; and then, in the last week of the campaign, a very strong campaign on formality, particularly television and radio, and then advertising voter services. The roll for the 2004 election was 13,021,230. The roll as at 1 January 2007 was 13,236,253. Between the election in 2004 and 31 December 2006, the roll had only grown by 215,000 people. As at election day, the roll had grown from the 31 December figure of 13,236,253 to 13,645,073, so there was a growth, during this period of from 1 January to the closing of the rolls, of 409,000 people.

Senator FIERRAVANTI-WELLS—Okay.

Mr Campbell—We know that we do not have every eligible person on the roll, so we would always strive for a greater number. But we think that, historically, that was a very large increase to the roll in two years and we think that the increase that occurred in 2007 was very pleasing. I hope the work of the AEC had something to do with it. I am sure that other people also had a role. The other one that I am interested in, which has not had a lot of publicity and we are now doing a lot of research to find out why, was the significant drop in informality in the House of Representatives.

Senator FIERRAVANTI-WELLS—That was going to be my next question—particularly relating to seats where there are a high percentage of non-English-speaking people.

Mr Campbell—We only had very few seats where informality increased, and they were usually seats where the number of candidates had increased quite significantly. We did a lot of things in the polling places. We tried to increase the number of issuing staff who were proficient in a second language in polling booths that would have a lot of people coming from that background. We created a lot of flip charts. There was a lot of publicity in communities, such as Indigenous communities. Indeed, in the training of our staff there was one thing that we did, and we think it might have affected it. I do not know whether any of you noticed this, but when you voted on the day you were asked three questions, as you should have been: name, address and if you had voted before in this election—not if you had voted before today but if you had voted before in this election. Then, when you were handed the two ballot papers, the issuing officer should have said to you again, ‘And remember, you have to fill in every square of the green ballot paper but, of course, you can vote above the line on the white ballot paper.’ This is probably me leading this by its chin, but I have not found anybody to whom that was not said by an issuing officer among the people I have asked. We think that might have helped too. Again, we are not putting it down to any one particular factor.

Senator FIERRAVANTI-WELLS—But a combination.

Mr Campbell—We are putting it down to a lot of hard work and maybe to some work the parties did as well. We are not taking all the credit—I would not want to do that, because

when informality goes up I do not want to take the blame. But certainly we found both the growth of the roll—picking up on your first question—and the drop in informality very pleasing.

CHAIR—Are there any further questions? If not, thank you all very much for coming before us. Thank you, Senator Faulkner.

Senator Faulkner—Does that conclude consideration or examination of the department of finance and the portfolio of finance and deregulation or not?

CHAIR—It does.

Senator Faulkner—I mean tonight.

CHAIR—It does for tonight.

Senator Faulkner—In other words, it means that I can leave.

CHAIR—Yes.

Senator Faulkner—Thank you.

CHAIR—We will see others on Friday. Now we move on to the Human Services portfolio.

[10.17 pm]

HUMAN SERVICES PORTFOLIO

In Attendance

Senator the Hon. Joe Ludwig, Minister for Human Services

Department of Human Services

Core Department—Outcome 1, Output 1

Ms Helen Williams, Secretary

Ms Kerri Hartland, Deputy Secretary

Mr Jeff Pople, Acting Deputy Secretary

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

Mr Greg Divall, First Assistant Secretary, Program Management

Ms Barbara Flett, First Assistant Secretary, Communication and Stakeholder Engagement

Mr Noel Dobbie, Chief Financial Officer

Ms Kathryn Johnson, General Counsel

Mr Paul Menzies-McVey, Special Counsel, Service Delivery Reform

Child Support Agency—Outcome 1, Output 2

Mr Matt Miller, General Manager

Mr Michael Belcher, Deputy General Manager, Chief Financial Officer, National Finance Management

Ms Jennifer Cooke, Deputy General Manager, Service Delivery

Mr Patrick Hadley, Deputy General Manager, Chief Information Officer, Information and Communication Technology

Ms Samantha Palmer, Deputy General Manager, External Relations, People and Assurance

Mr Trevor Sutton, Deputy General Manager, Business Strategy and Innovation

CRS Australia—Outcome 1, Output 3

Ms Margaret Carmody, General Manager

Mr Carl Princehorn, Deputy General Manager, Service Delivery

Mr Peter Hausknecht, Chief Financial Officer

Centrelink—Outcome 1, Output 1.1

Mr Jeff Whalan, Chief Executive Officer

Ms Aurora Andruska, Deputy Chief Executive Officer, Stakeholder Relationships

Ms Carolyn Hogg, Deputy Chief Executive Officer, Customer Service

Mr John Wadeson, Deputy Chief Executive Officer, Information Technology

Mr Darren Box, General Manager, Audit

Dr Margaret Browne, General Manager, Performance Analysis Unit

Mr Paul Conn, General Manager, Business Integrity

Ms Moya Drayton, General Manager, Employment, Disability and Education

Mr Gary Dunn, General Manager, Customer Service Design and Planning

Ms Natalie Howson, General Manager, Families, Seniors, Rural and Community

Mr Hank Jongen, General Manager, Communications

Ms Sheryl Lewin, General Manager, People and Planning

Ms Mandy Ritchie, General Manager, Customer Service Performance

Ms Eija Seittenranta, General Manager, Core Business IT Systems

Ms Helen Skrzeczek, Acting General Manager, Corporate IT Systems

Mr Grant Tidswell, General Manager, Customer Service Operations

Ms Vicki Beath, National Manager, Education and Training

Ms Jennifer Britton, Acting National Manager, Participation and Employment Services

Mr Paul Cowan, National Manager, Seniors, Carers and Means Test

Ms Jo Gaha, National Manager, Indigenous Services

Mr Karel Havlat, National Manager, Budgeting and Management Accounting

Mr Dom Bilbie, Acting National Manager, Legal Services

Mr Trevor Jones, National Manager Contracts and Procurement

Ms Roxanne Kelley, National Manager, Centrelink Call Performance

Mr Dennis Mahoney, National Manager, Family and Child Care Services

Mr Graham Maloney, National Manager, Service Delivery Design and Support

Mr Rick Moloney, Acting National Manager, Rural, Community, Business and Supplementary Payments

Ms Elaine Ninham, Acting General Manager, IT Planning and Project Coordination

Ms Pam Saunders, National Manager, Disability Services

Mr Trevor Burgess, Chief Financial Officer

Ms Annabel Ferguson, Business Manager, Online and Deduction Services

Medicare Australia—Outcome 1, Output 1.1

Ms Catherine Argall, Chief Executive Officer

Ms Philippa Godwin, Deputy Chief Executive Officer

Ms Rona Mellor, Deputy Chief Executive Officer

Ms Sheila Bird, General Manager, Medicare and Associate Government Program

Mr Colin Bridge, General Manager, Program Review

Ms Ellen Dunne, General Manager, Public and Provider Services
Mr Graham Gathercole, Acting General Manager, Information Technology Services
Ms Linda Holub, General Manager, Program Management Division
Mr Anthony Honeyman, General Manager, Health Division
Mr Mark Jackson, General Manager, Business Solutions and Operations
Mr David Trabinger, General Manager, Business Futures
Ms Lynne O'Brien, Chief Finance Officer

Australian Hearing

Ms Anthea Green, Managing Director
Mr Steve Grundy, Chief Operating Officer
Ms Margaret Dewberry, Executive Manager, Indigenous and Multicultural Services

Health Services Australia

Mr Stan Macionis, Chief Operating Officer
Mr Peter Moody, Chief Financial Officer

CHAIR—Welcome, Senator Ludwig. We will go into general questions.

Senator Ludwig—Before you start, I have a short opening statement which sets out the scene for the Department of Human Services and I seek the indulgence of the committee to provide that.

CHAIR—Please proceed.

Senator Ludwig—I thank the committee for its indulgence. For the purposes of clarification to the committee and for the convenience of senators, I would like to briefly explain what I might call the structure of the human services portfolio and its relationship to policy departments. The department is divided into what is known as the core department, the Commonwealth Rehabilitation Service Australia—which is the former Commonwealth Rehabilitation Service—and the Child Support Agency, which in fact is not an agency at all. The agencies, as I am sure most senators would be familiar with, are Centrelink, Medicare Australia and Australian Hearing. In addition, there is one Commonwealth owned company, the Health Services Group.

The reason for describing the portfolio set-up in this way is to show the committee that there are genuinely agencies focused solely on service delivery. The agencies deliver a wide range of services for a range of departments—for example, health services on behalf of the Department of Health and Ageing; education and employment services on behalf of the Department of Education, Employment and Workplace Relations; and family assistance, child support and Indigenous support services on behalf of the Department of Families, Housing, Community Services and Indigenous Affairs.

All of the human services portfolio stands ready to serve the needs of the Australian people and the priorities of the Australian government. However, these priorities and the decisions about who receives payments, and how they receive them, are questions properly directed to the policy departments. The department's role includes the development of policy on service delivery, but neither the department nor its agencies decide on the size or contents of a particular package. I therefore wish to flag up front, for the benefit of senators, that officials are not trying to duck or avoid answering questions relating to policy settings or the reasons

for those settings. It is simply the case that these decisions are made within and by the responsible policy departments.

Having spent some years in opposition as a senator, I know that the system is set up with an assumption that senators will know where to direct their questions. If, in relation to a department I am responsible for, I am or the department is unable to answer a question this evening, I will try to direct senators to the correct committee in which the questions should be put. In return, of course, if senators find there is frustration that some of their inquiries in other committees are directed here, I will endeavour to do my best to ensure that they are answered in a timely manner. I thank the committee for its patience in this regard.

Senator SIEWERT—I understand that tonight we will be dealing with general questions and child support, because Centrelink has gone home.

CHAIR—That is correct.

Senator Ludwig—Yes, it is the Department of Human Services—the core department.

Senator SIEWERT—I would like to ask some questions around the budget issues first. I presume we will then do general questions and get on to child support. My issues specifically relate to the budget for child support, so you may, in the end, say, ‘Go to Child Support.’ I thank the minister for his opening comments. I think this is an area that we have consistently struggled with ever since this legislation was brought in. I know, myself, that I am constantly told, ‘Go and ask the agencies questions,’ and when I ask them they say, ‘No, you should have asked Human Services.’ So your commitment to actually take on those questions when they bounce back from the other agencies is much appreciated.

I also have a series of questions that I ask every time about numbers. I am just going to put them on notice so we do not go through the process of you telling me that I have to put them on notice anyway. I am seeking an update on figures that I have asked for before in terms of the number of people who have been in breach since I last asked, dividing those down into regions, particularly as it relates to Indigenous Australians. I will put those on notice. In the estimates documents you indicate you will be cutting the child support reforms and the communication campaign by a significant amount of money. Should I be asking this here or should I ask specifically about child support when we get to child support?

Ms Williams—It would be easier, if you would not mind, if you ask it when we get on to the child support questions.

Senator SIEWERT—Yes, okay. I was just finding out where I should be asking those. I would also like to know what ‘Savings for Labor’s Better Priorities: Human Services—Additional Funding’ means. Could you explain that, please?

Ms Williams—You mean the one with the \$3 million in savings?

Senator SIEWERT—Yes. It says \$3 million for 2008-09.

Ms Williams—So it is \$1.5 million for 2007-08 and \$3 million for 2008-09?

Senator SIEWERT—Yes.

Ms Williams—That is funding that the department was given following a joint study between Finance and the Department of Human Services, because the department—which, as

you know, was only set up in 2004—had not been given funding for some of the infrastructure support. That funding was then cut.

Senator SIEWERT—So that funding has now been cut.

Ms Williams—Yes. That has been discontinued.

Senator SIEWERT—So is that because—

Ms Williams—It is a half-year impact this year and a full-year impact in 2008-09.

Senator SIEWERT—Is that because it is being made as a savings cut or because it is considered that it is no longer needed?

Ms Williams—That was one of the savings that were made as part of Labor's priorities program and, of course, it will be redirected to other areas of government.

Senator SIEWERT—How does that relate to the delivery of services?

Ms Williams—That would be more background infrastructure to make sure that the department works better, that we have got better IT systems et cetera.

Senator SIEWERT—Does that mean that that work will no longer be done?

Ms Williams—We will have to continue it within current resources. Some of the work was obviously done in the first half of this year, but we will have to continue without those resources.

Senator SIEWERT—I also have a specific question about another funding area in disabilities. Should I be asking that of Centrelink?

Ms Williams—Yes.

Senator SIEWERT—Okay. It relates to budget, but it is in disabilities, so I will leave that till Friday.

Ms Williams—Yes, please.

Senator SIEWERT—The rest of my questions are specifically related to child support.

Senator COONAN—Welcome, Minister, Secretary and people at the table. The first things I wanted to ask were some very general questions. Minister, you might be in a position to answer this. What, given the cutting of the Access Card, do you say now are the highest priorities for the Human Services portfolio?

Senator Ludwig—The priority is the election commitments, obviously, that were made by the incoming government in relation to those matters that they will require this department to deliver. They will be delivered through various ways, and that will be a matter for the policy departments to then determine. But they can be through, for argument's sake, Centrelink, or they could be through Medicare, depending on which particular policy setting is chosen and how that is then formulated and delivered.

There are a range of things we stand ready to do. Our core function is in service delivery so, as you would appreciate, already the DHS, together with its two agencies, has around—but I will not go to the specific details; I am sure the secretary can do that. There are a

multitude of policy settings that it delivers now. It will continue to commit to deliver those which are election commitments and others that may be developed in the future.

Senator COONAN—Can you be a bit more explicit about that? I would have thought that you would have gone into some detail about what the priorities would be, such as, if it is not an access card, the successful implementation of Medicare claiming; or cooperation between portfolios and policy departments to ensure the prevention, protection and prosecution of fraud. I would have thought that ought to be another very significant priority to ensure that that is sufficient and effective. I understood that Welfare to Work was a high priority. Now that I have given you a couple of examples of what I am getting at, and given that the access card is gone, what do you see as the main objectives or main priority areas for delivery?

Senator Ludwig—That is probably why I was trying to be more general rather than specific, because it will depend upon the policy departments and what they want to deliver. As a service delivery agency, I will not prioritise what the policy departments want to be delivered. You can appreciate it this way, if it is Welfare to Work, in an example such as that which you might call a priority under the previous government—they also had the access card and they may have had others we could allude to—that was that policy department then which required delivery of that particular outcome. So the priorities will be set by the policy departments and we stand ready to deliver all of them equally, efficiently and effectively.

Senator COONAN—There are some that are now set. What are the priorities of the Human Services portfolio?

Senator Ludwig—The clear priority is to improve service delivery.

Senator COONAN—In what areas?

Senator Ludwig—We will go back to it again: in respect of those which are set by the policy departments.

Senator COONAN—Under the change to the administrative orders, you are now responsible for policy delivery in this area, are you not?

Senator Ludwig—You seem to have misinterpreted the way it is structured. The Department of Human Services is a service delivery department.

Senator COONAN—Yes, I understand, but it has to deliver something, does it not?

Senator Ludwig—That is right.

Senator COONAN—What it delivers, of course, is policy that is set by other departments. But you have oversight. I am asking: what are the priorities for delivery of the services? What areas of delivery do you see as the priorities for DHS?

Senator Ludwig—I will start again. It will depend on those policy settings that we are required to deliver. We will deliver all of those policies that we are required to deliver to as efficiently and effectively as we can.

Senator COONAN—Run me through what they are.

Senator Ludwig—They will then relate to the various election commitments.

Senator COONAN—Let us go through them. What about Centrelink?

Senator Ludwig—Centrelink is not here today.

Senator COONAN—No, but you must have some idea what Centrelink has got to deliver.

Senator Ludwig—Yes, of course. They stretch across. If you then say the Department of Human Services election commitments, you start with the new Medicare offices being one.

Senator COONAN—What has happened with them?

Senator Ludwig—You will be able to ask Medicare, when they are here, where they are up to in respect of those matters.

Senator COONAN—You do not know?

Senator Ludwig—What I said was, if you want to direct a question in respect of a particular outcome or policy outcome—maybe you did not hear the opening remarks—

Senator COONAN—Yes, I heard very clearly, but the core department is responsible also for how Medicare operates. Let us get on to something that you may be able to help me with. Where are we up to, for instance, with Welfare to Work?

Senator Ludwig—Mr O'Connor has announced a review into that, so I await the outcome of that review.

Senator COONAN—What about the job capacity assessment—is that not a priority for you?

Senator Ludwig—That is different from that in respect of the job capacity assessment. I am sure the secretary can take you through where that is up to, if you would like. Would you like a—

Senator COONAN—I am just interested to know what you see as the priorities for the department at the moment. I will get to the secretary in due course. I know she is highly competent and is no doubt right across it. I am just interested to know what you have set as the priorities for the department, as you are the minister.

Senator Ludwig—As I said right at the beginning, it is about delivering services on behalf of the Australian government—

Senator COONAN—Yes, I understand the generic description, but I am interested in some detail—

Senator Ludwig—I was not sure you were, but I am here to help.

Senator COONAN—This is what estimates are all about; they are about detail and about you being across your portfolio. I am just asking in a very general way, which should not embarrass you at all, what are the main, big items that you see the portfolio having priority areas in?

Senator Ludwig—If you look at the Department of Health and Ageing, they stretch across matters that go to tackling obesity, healthy kids checks, GP super clinics, better dental care, savings for Labor's better priorities, health and home savings. If you look at, perhaps, the national preventative—

Senator COONAN—What are the better priorities?

Senator Ludwig—I indicated that for the detail of particular policy settings you will have to talk to the particular policy department.

Senator COONAN—I have a lot of respect for your work ethic and diligence, Minister, but what are you doing? Are you having any discussions with the various agencies as to how you would see them bringing forward the implementation of these expectations which have been set out in election commitments?

Senator Ludwig—There is a considerable amount of discussion and matters that are in progress.

Senator COONAN—Have you had a briefing, for instance, on the better priorities issue you just mentioned?

Senator Ludwig—Which one?

Senator COONAN—The one you just mentioned on the delivery of, I think, dental services. You have a list there.

Senator Ludwig—Yes, I do. I have spoken to the relevant department in respect of those broader issues, but they are still a work in progress. It would not be appropriate to go into the detail of the policy settings here, because if you did want to talk about the particular policy itself then that should be directed to the Department of Health and Ageing.

Senator COONAN—But you have some overarching responsibility for how the policy is delivered, and, as I understand it, that is what the subject of these particular estimates is. It is perfectly legitimate for me to ask you questions about the operations of your department and how they are going about the implementation of the policy in respect of the areas you have mentioned. Would you agree with that?

Senator Ludwig—What I would say, again, is that in respect of the policy settings that are set and those that are negotiated, finally produced and provided as an outcome—in other words, have gone through the relevant process—then, yes, we will deliver that outcome.

Senator COONAN—All right. Let us get into a bit of detail, then. Just going to a few issues relating to staffing of the department, are you in a position to let me know how many staff there are in each department and agency?

Ms Williams—If I can read you the staffing numbers across the portfolio—this is at 31 December 2007; as you know, these change so I have to do it at a point in time—the core department was 241; the Child Support Agency, 4,475; the Commonwealth Rehabilitation Service, 2,019; Centrelink, 27,263; Medicare Australia, 6,058; Australian Hearing, 1,030; and Health Services Australia, 1,159.

Senator COONAN—Minister, how many departmental liaison officers are there in each ministerial and parliamentary secretary office?

Senator Ludwig—How many departmental liaison officers in the DHS?

Senator COONAN—Do you have any?

Senator Ludwig—Yes.

Senator COONAN—How many?

Senator Ludwig—Three.

Senator COONAN—What programs within each of the areas of the portfolio are currently underspent and can you give me the reason for any underspends?

Ms Williams—This is a very difficult one because, as you know, we are tracking programs progressively. We are leading into the budget context. It is very hard to say now where underspending is because a lot of programs are under development. I am not trying to escape the question, but it is really very hard to give you an answer to that at the moment.

Senator COONAN—Would you be able to take it on notice and have a look at whether or not you can—

Ms Williams—We can certainly see what we can provide to you, but I have to say it is going to be a—

Senator COONAN—I do appreciate that it is difficult when you are on the run, so to speak, but if you could have a look, I would appreciate it. Minister, has the department been formally instructed to achieve an efficiency dividend of two per cent?

Senator Ludwig—Do you have the additional estimates before you?

Senator COONAN—Yes, I have.

Senator Ludwig—On page 14, do you see it there about halfway down the page, the election commitment savings of two per cent efficiency dividends.

Senator COONAN—Yes.

Senator Ludwig—Can you see that?

Senator COONAN—Yes, I have looked at it.

Senator Ludwig—Excellent.

Senator COONAN—So has the department been formally instructed now to achieve that dividend?

Senator Ludwig—It is in the additional estimates so that would, in my mind, suggest yes—at least it does to me.

Senator COONAN—Okay, so the answer to that is ‘yes’. Where is it going to come from?

Senator Ludwig—I will allow the secretary to take you through those various areas.

Ms Williams—We have to find, as all agencies do, the extra two per cent efficiency dividend savings. It is very hard for me to single those out because, as you know, we also have to find reductions from the abolition of the access card.

Senator COONAN—I will be coming to that in some detail.

Ms Williams—Obviously, if we have to reduce staff, we are looking across the board rather than there—particularly the savings. As far as the core department is concerned, we have a major downsizing program and we are busy at the moment looking around trying to find positions for some very good people. The access card program attracted people because they were interested in something like that. We are hoping to keep as many of them as we can

because there are some real skills there, but we will not be able to keep them all. So at the moment we are looking around to try to find positions for those staff.

Senator COONAN—That brings me to this: how many are likely to need redundancies or to be made redundant as a result of the access card?

Ms Williams—Even though we have a quite a downsizing target to meet, we are still hoping to be able to do without that. I have, for example, gone out to my portfolio secretary colleagues to see if—

Senator COONAN—Somebody can take them in out of the rain?

Ms Williams—The access card had, for example, a number of very good media people who are now surplus, and so I have gone out to those colleagues particularly saying, ‘Do you need any media people?’ We are using strategies like that to try to find positions for these people.

Senator COONAN—How many people were employed in the Office of the Access Card?

Ms Williams—I might hand over to Kerri Hartland, who was in charge of the access card.

Ms Hartland—Again I might take it perhaps at a point in time, just to be consistent with what the secretary has said. At the end of December, the permanent DHS staff number in the Office of the Access Card was 112.

Senator COONAN—Were they employees or consultants?

Ms Hartland—They are employees.

Ms Williams—The consultants would have been additional to that number.

Ms Hartland—Yes, that is correct. That does not include temporary staff. It is just the permanent group of people.

Senator COONAN—How many people in total, whether they were temporary, permanent or consultants, would have been employed in relation to the access card?

Ms Hartland—I might have to take on notice the consultants, because that varied from day to day.

Senator COONAN—Yes. I know that there were very many contracts.

Ms Hartland—Yes, that varies from day to day. But, in terms of the temporary staff that were on board at that time, there were 20. That gives you a total of 132 as at the end of December.

Senator COONAN—Just getting back to some of the operations of the department, Minister, I want to take you in particular to the abolition of the local liaison officers. The local liaison officer program was established back on, I think, 7 February 2005 and March 2005. It allowed every member and senator to be allocated a local liaison officer within Centrelink. Is that right?

Senator Ludwig—It might be easier if the secretary provides the answer, because I do not think that actual question is right.

Senator COONAN—Is what, sorry? Is right?

Senator Ludwig—I do not think the question is right.

Senator COONAN—I am happy to be corrected.

Senator Ludwig—I am happy for the secretary to provide a corrected response to you.

Ms Williams—The local liaison officer program was not a program that was composed of additional staff; it was staff that were already in place but had initial responsibilities added to their normal work. When it was abolished, those staff were not abolished.

Senator COONAN—No, I understand that. So it was really an additional coordinated service, was it?

Ms Williams—Yes.

Senator COONAN—It was to assist constituents with a grievance—an inquiry or a problem about a human service agency—to be able to take it to their local member or senator. Is that right?

Ms Williams—Yes. I should add, in connection with the question you asked the minister, it was not just Centrelink. Centrelink were the majority.

Senator COONAN—No, across agencies.

Ms Williams—Yes.

Senator COONAN—They received backup from human service agencies in their local area. Is that right?

Ms Williams—I am just pausing a bit about ‘received backup’. There certainly was some additional staff that organised the program. I will hand over to Jeff.

Mr Popple—The local liaison officers had support from their local offices in the various electorates, but also they had conduits back to national offices and to other sources of information. So, if the question was about a particular issue for Centrelink around a national office issue, they had their source go back into the national office to answer the question. But they were supported in the local area by whichever agency they were funded from.

Senator COONAN—I think it is fair to say that the program had been highly successful?

Ms Williams—I think it was very successful in terms of a link to offices. I believe that the links can be maintained, even if the program is not titled the same as it was. We have certainly gone out to agencies to ask them to ensure that those links are maintained and that the feedback is just as effective.

Senator COONAN—The great advantage was that most of the queries could be responded to very promptly, within 48 hours.

Mr Popple—Yes, they had very good response rates.

Senator COONAN—As at 23 February, 9,529 queries had been referred by members and senators on behalf of constituents through their LLO. Do you have a more up-to-date figure than that?

Mr Popple—At the end of December, it was 13,000.

Senator COONAN—As of 23 February—you probably have a later date—100 per cent of the House of Representatives—that is all the members—and 80.3 per cent, or 61, of the current senators had utilised the program. Is that right?

Mr Popple—Yes.

Senator COONAN—The program was a bipartisan initiative of the Howard government, and the Australian Labor Party members had referred 37 per cent of the queries, and the coalition 62.4 per cent.

Mr Popple—I believe that is correct.

Senator COONAN—People were helped with queries at Centrelink, Medicare, CSA, Australian Hearing, CRS, HSA and non-DHS agencies.

Mr Popple—It was predominantly HSA agencies which were the source of information analysed, and they were all staffed from DHS agencies.

Senator COONAN—This program as such seemed to cost a bit of money to administer. Is that right?

Mr Popple—There was no funding initially provided for it. As the Secretary pointed out, extra duties were placed on these people over and above their normal workload.

Senator COONAN—Have there been any savings attached to abolishing this service?

Ms Williams—The savings from 2007 to 2008—that is the half-year effect—will be \$0.2 million. Total savings over the forward estimates will be \$1.6 million.

Senator COONAN—How is that saving going to be achieved consistent with maintaining the service uninterrupted?

Mr Popple—As the Secretary pointed out earlier, no additional positions were provided; it is just a change in activity. The savings are in recognising that there are some reduced activities, particularly in Centrelink. So a saving has been made against Centrelink's appropriation. The work will be undertaken through the additional electorate offices, which were provided to all members in July last year. The agencies will continue to have in place arrangements to provide ease of access to all members of parliament to their advice services or call centres.

Senator COONAN—Can you explain to me and for the benefit of the committee how somebody in an electorate office is able to provide a 24-hour turnaround service without having a designated local contact?

Mr Popple—In some cases there will be contacts in local Centrelink, CSA offices or Medicare offices. They will be able to be contacted. In other areas, they might be able to contact a call centre or another point of contact within the national office of the agency.

Senator COONAN—You are not seriously suggesting that it is as convenient and as efficacious as the local liaison officer program, are you?

Mr Popple—I am suggesting that there is still an avenue of contact for members of parliament and that we are working hard with the agencies to ensure that there is a good service provided to members of parliament and senators.

Senator COONAN—What work have you done with the agencies to ensure that there is contact with members of parliament?

Mr Popple—Since the abolition of the program—I believe the minister announced the abolition of that program last week—we have gone out to agencies and asked them to put in place mechanisms to ensure contact with members of parliament. Centrelink, in particular, has made some contact with local MPs. I would have to check that. We have just asked them to put in place individual arrangements in each agency rather than the LLO programs, which ran across all the agencies.

Senator COONAN—So, at the moment, there is nothing in place at all. That is correct, isn't it?

Mr Popple—There are the normal contact arrangements that there have always been.

Senator COONAN—Yes, but they are just the ordinary ones. They are not anything like a substitute for the local liaison officer program. Is that right?

Mr Popple—The program has been abolished, so it is not the same, but there are contact arrangements.

Senator COONAN—What are they?

Mr Popple—I might have to seek that advice from Centrelink in relation to each of the agencies about what they have done in the interim.

Senator COONAN—You see, there is a media release from the minister—who is trumpeting the very successful delivery of another election commitment with the axing of this program—that he issued on 14 February 2008, resulting in a saving of \$1.6 million.

Senator Ludwig said closing the ... program was going to reduce needless duplication in service delivery.

What is that 'needless duplication' if we are going to be able to make the same sort of contact?

Mr Popple—I think the minister is referring to the role that the electorate officers could undertake on behalf of the local members, and it was reducing the duplication which occurred in that area.

Senator COONAN—But they are two different functions. One is in the agency offices and the other is in the member's or senator's office, which was always the case. I am struggling here to find the difference. Minister, can you help me?

Senator Ludwig—Perhaps it has been a while since you have been in the electorate office, but as I understand it—and I am sure you would be familiar with it—you have been provided with an additional staffer in your electorate office since 2007. So you have four now, as I have, who deal with constituency inquiries and a range of other work to support their senator or member. Included within that—and if you go back prior to the LLO program itself—you would have had, as I have had, electorate officers in the office who would deal directly with the local Centrelink, the local community, the local community groups and the wide range of various places where constituents might come in and make inquiries. Sometimes their issues are complex; you might then seek to assist them through your direct assistance—through the

office itself, or through the senator or member or the electorate officer contacting the local Centrelink, Commonwealth Rehabilitation Service or Medicare Office and resolving their inquiry whilst they are there in the office. That would be the way that many officers would deal with, have dealt with and still continue to deal with, constituency inquiries. So all of that is still in place. None of that has been removed or changed. You do, in fact, have an additional electorate officer to assist in that task.

Senator COONAN—Even if you had three more electorate officers who could assist with the task, they cannot conjure up a solution out of thin air. On behalf of a constituent they still have to get some contact—where they did have one with the local liaison officer—with someone who can actually help them, and help them very promptly, in an agency office. So there is no material difference in the process. That is my point. Would you agree with that?

Senator Ludwig—I would not. I am not sure of the last time you might have been in your electorate office, but in the area that we are talking about, prior to the local liaison officer, you would have had a contact within the local Centrelink office or the local Medicare office from your office, so that if there were constituency issues that arose or inquiries in relation to Centrelink then you could assist them. The Centrelink office also provides training and staff assistance to help electorate officers in their work. I am sure that they would help your electorate officers as well, and that they have done so.

Senator COONAN—It seems to me, if I may say so on behalf of your and my colleagues—because this was a bipartisan service that was put in place and that seemed to have great effect in the interests of resolving very difficult matters for constituents—to be a very short-sighted cut indeed. I want also to check something. At page 14 of the agency additional estimates statements, ‘Savings for Labor’s Better Priorities—Liaison Officers’ appears to have a very different figure from the \$1.6 million. Is there some way that you could reconcile the figures for me?

Mr Popple—Those figures just relate to the department, not to the savings from Centrelink.

Senator Ludwig—Or where the various officers are.

Senator COONAN—Yes, I understand that.

CHAIR—Senator Coonan, I draw your attention to the time.

Senator COONAN—Yes.

CHAIR—We will adjourn until Friday—till the spillover day.

Committee adjourned at 11.00 pm