



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

STANDING COMMITTEE ON FINANCE AND PUBLIC
ADMINISTRATION

ESTIMATES

(Budget Estimates)

TUESDAY, 27 MAY 2008

CANBERRA

BY AUTHORITY OF THE SENATE

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

Tuesday, 27 May 2008

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

Participating members: Senators Abetz, Adams, Barnett, Bartlett, Bernardi, Birmingham, Mark Bishop, Boswell, Boyce, Brandis, Bob Brown, Bushby, George Campbell, Chapman, Colbeck, Coonan, Cormann, Crossin, Eggleston, Ellison, Fielding, Fisher, Forshaw, Heffernan, Hogg, Humphries, Hurley, Hutchins, Johnston, Joyce, Kemp, Kirk, Lightfoot, Lundy, Ian Macdonald, Sandy Macdonald, McEwen, McGauran, McLucas, Marshall, Mason, Milne, Minchin, Nash, Nettle, O'Brien, Parry, Patterson, Payne, Ronaldson, Scullion, Siewert, Stephens, Sterle, Troeth, Trood, Webber and Wortley

Senators in attendance: Senators Abetz, Allison, Carol Brown, Colbeck, Jacinta Collins, Cormann, Fierravanti-Wells Fifield, Forshaw, Heffernan, Johnston, Kemp, Mason, Minchin, Moore, Murray, Patterson, Polley, Ronaldson, Siewert, Trood and Watson

Committee met at 9 am

PRIME MINISTER AND CABINET PORTFOLIO

Consideration resumed from 26 May 2008

In Attendance

Senator Faulkner, Special Minister of State and Cabinet Secretary

Department of the Prime Minister and Cabinet

Executive

Mr Paul Tilley, Acting Deputy Secretary

Mr Mike Mrdak, Deputy Secretary

Mr Duncan Lewis, Deputy Secretary

Ms Serena Wilson, Acting Deputy Secretary

Economic and Industry Policy

Output Group 1

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

Social Policy

Output Group 2

Ms Liza Carroll, First Assistant Secretary, Social Policy Division

Ms Yael Cass, Assistant Secretary, Health and Ageing Branch, Social Policy Division

Ms Serena Wilson, Acting Deputy Secretary

Ms Michelle Patterson, Acting First Assistant Secretary, Social Policy Division

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

Mr Shane Hoffman, Assistant Secretary, Indigenous Policy Branch

International and National Security Policy**Output Group 3**

Mr Hugh Borrowman, First Assistant Secretary, International Division

Mr Frank Leverett, Assistant Secretary, Ceremonial and Hospitality Branch, International Division

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

Mr John Geering, Assistant Secretary, Office of National Security

Mr Richard Windeyer, Assistant Secretary, Office of National Security

Mr Richard Davis, Assistant Secretary, Office of National Security

Dr Rob Floyd, Assistant Secretary, Office of National Security

Strategic Policy**Output Group 4**

Mr Mike Mrdak, Deputy Secretary

Support Services for Government Operations**Output Group 5**

Dr Wendy Southern, First Assistant Secretary, Government Division

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

Ms Anne Hazell, First Assistant Secretary, People, Resources and Communications Division

Dr Sue Ball, Assistant Secretary, Information Services Branch

Ms Kym Partington, CFO

Ms Trish Corbel, Official Establishments

Australian National Audit Office

Mr Ian McPhee, Auditor-General

Mr Steve Chapman, Deputy Auditor-General

Mrs Dianne Rimington, Group Executive Director, Corporate Services

Mr Peter White, Group Executive Director, Performance Audit

Mr Matt Cahill, Group Executive Director, Performance Audit

Mr Warren Cochrane, Group Executive Director, Assurance Audit

Mr Michael Watson, Group Executive Director, Assurance Audit

Ms Anya Moore, Executive Director, Corporate Management

Mr Brian Boyd, Executive Director, Performance Audit

Ms Fran Holbert, Executive Director, Performance Audit

Mr Steven Lack, Executive Director, Performance Audit

Australian Public Service Commission

Ms Lynelle Briggs, Public Service Commissioner

Ms Annwyn Godwin, Acting Deputy Public Service Commissioner

Ms Karin Fisher, Acting Merit Protection Commissioner

Mr Steve Ramsey, Acting Group Manager, Corporate

Ms Nicole Pietrucha, Group Manager, Evaluation
Ms Clare Page, Group Manager, Better Practice
Ms Jacqui Curtis, Group Manager, Programs
Mr Patrick Palmer, Group Manager, Regional Services
Ms Georgia Tarjan, Group Manager, Policy

Office of National Assessments

Mr Peter Varghese, Director-General
Mr Derryl Triffett, Assistant Director-General, Corporate and IT Services
Mr Patrick Keane, Director, Business Management
Ms Laura Rennie, Accountant, Corporate Services

Office of the 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)

Office of the Inspector-General of Intelligence and Security

Mr Ian Carnell, Inspector-General of Intelligence and Security

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
Mr Brien Hallett, Deputy Official Secretary
Mrs Sharon Prendergast, Director, Honours and Awards
Mr Stephen Murtagh, Director, Corporate Services

Australian Institute of Family Studies

Professor Alan Hayes, Director, Australian Institute of Family Studies
Ms Sue Tait, Deputy Director, Corporate and Strategy
Dr Matthew Gray, Deputy Director, Research
Ms Yvonne Paulke, General Manager, External Relations and Human Resources

CHAIR (Senator Polley)—Welcome. 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 and certain expenditure for 2008-09 and the particulars of proposed and certain supplementary expenditure for 2007-08 for the parliamentary departments and the portfolios of the Prime Minister and Cabinet, Finance and Deregulation, and Human Services. The committee may also examine the annual reports of the departments and the agencies appearing before it. The committee has fixed 11 July 2008 as the date for the return of answers to questions on notice. The committee's proceedings today will continue with its examination of the Prime Minister and Cabinet portfolio, followed by the Finance and Deregulation portfolio on Wednesday and the Human Services portfolio on Thursday. On Friday the committee may use the allocated spillover say to examine any remaining parts of the program.

Under standing order 26, the committee must take all evidence in public session, including answers to questions on notice. I remind all witnesses that, in giving evidence to the committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as contempt. It is also a contempt to give false or misleading evidence to the committee. The Senate, by resolution in 1999, endorsed the following test for relevance of questions at estimates hearings. Any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committee unless the parliament has expressly provided otherwise.

The Senate has resolved also that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. If a witness objects to answering a question, the witness shall state the grounds 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 shall be accompanied by a statement setting out the basis for the claim, including what possible commercial harm may result.

[9.03 am]

Department of the Prime Minister and Cabinet

CHAIR—Welcome. Senator Faulkner, do you wish to make an opening statement?

Senator Faulkner—Not this morning. I will just commend the opening statement of yesterday.

Senator RONALDSON—Today's *Australian* has an article by its chief political correspondent, Matthew Franklin, who writes:

A DEEP split has emerged within the Rudd Government over petrol, with Resources Minister Martin Ferguson warning its planned Fuel Watch price monitoring system will fail working families, crush small businesses and tarnish Kevin Rudd's economic reform credentials.

In a letter to senior colleagues obtained by The Australian yesterday, Mr Ferguson attacked the Fuel Watch scheme as an anticompetitive waste of money and predicted it would leave battlers out of pocket, despite government claims it would lead to lower fuel prices.

A quote from the letter states:

The biggest losers ... would again be working families ...

It goes on:

The strongly worded letter emerged as Mr Rudd and Mr Bowen yesterday lauded Fuel Watch, vowing it would "put motorists back in charge" of their fuel costs.

I am still a little confused about your role as Cabinet Secretary, because I thought at times last night you were actively involved and at other times you were remarkably disengaged from what I thought were those responsibilities. I am assuming that the leaking of ministers' letters to other colleagues would be something that would fall within your bailiwick, and I just wonder whether you intend taking action to try to ascertain who leaked this confidential letter to your ministerial colleagues—which, of course, was extraordinarily damning of the government's approach to fuel and was a very major split in the government. As you would be acutely aware, the FuelWatch price monitoring system was the Labor Party's answer to the fuel issue. Now a very senior minister has said that it is a complete and utter farce and will fail working families. Do you intend to launch an inquiry into how this letter was leaked?

Senator Faulkner—My understanding is—and I will check with officials for you so I can be sure that the advice I provide to you is absolutely accurate—that, in the circumstances that you have just outlined to the committee, the line department would be the one responsible for any such investigation. My expectation is also that it would do so in consultation with the Department of the Prime Minister and Cabinet—it would likely be the cabinet secretariat—but let me check with Mr Mrdak, who is beside me, to ensure that the information that I have provided to you in terms of these processes is accurate. It is certainly my understanding of them. Senator, Mr Mrdak has confirmed to me that this would be primarily a matter for the Department of Resources, Energy and Tourism in the first instance.

Senator RONALDSON—Minister, with the greatest respect, this is a letter which openly attacks the Prime Minister's economic credentials. You are the Cabinet Secretary. Have you discussed this matter with the Prime Minister this morning?

Senator Faulkner—The matter of the—

Senator RONALDSON—The leaked letter.

Senator Faulkner—No, I have not.

Senator RONALDSON—Deputy Secretary, have you had any briefs from anyone?

Senator Faulkner—I can say that I briefly said hello to the Prime Minister in the corridor this morning, but I did not discuss this matter.

Senator RONALDSON—Deputy Secretary, have you had any requests from anyone else within the government to investigate this leak?

Mr Mrdak—No.

Senator RONALDSON—Minister, do you intend to try to ascertain where this leak emanated from?

Senator Faulkner—I am confident that the processes that I have outlined to you are correct, but if I can provide any further and better information for you I will certainly do this in these circumstances. But I think that you, with your experience in government, would appreciate that the processes that I have outlined to you are the standard processes—the expected processes—in these circumstances.

Senator RONALDSON—Just so that I am clear, your role as Cabinet Secretary does not involve ascertaining the whereabouts of this sort of leaked documentation? It is purely a line matter, is it—and you would take no active involvement in it at all?

Senator Faulkner—It would depend, I think, on what the circumstances of the status of documents might be. I have briefly read the article this morning myself, so I have the same level of information that you have. I understand that you are referring to a letter written by Mr Ferguson to certain of his ministerial colleagues, and I have outlined to you what the normal process would be in the circumstances of a document like that leaking or becoming public.

Senator RONALDSON—Have you discussed the matter with Mr Ferguson?

Senator Faulkner—I have not discussed the matter with Mr Ferguson.

Senator RONALDSON—Do you intend discussing the matter with Mr Ferguson?

Senator Faulkner—What I intend to do is sit here and answer all of your questions all day. I suspect that I will have no opportunity to talk to any of my ministerial colleagues about the matter.

Senator RONALDSON—Well, that is a very admirable way to spend the day because I will be doing likewise.

Senator Faulkner—True enough.

Senator RONALDSON—We are both in the same boat.

Senator Faulkner—In this particular case, we are. But I am sure we will enjoy the experience together!

Senator RONALDSON—I have no doubt about that! It beggars belief that, as Cabinet Secretary, as number five in the cabinet, as the man who sits on the Prime Minister's left-hand side at cabinet meetings and who clearly, on the evidence given to us yesterday, has responsibility for just about everything that happens in the government, you do not and will not have any involvement in a leaked letter. Can I say to you that it just beggars belief. I do not think that anyone listening to this believes that you, with your seniority, would not be making some inquiries as to how this happened.

Senator Faulkner—Well, putting aside your commentary or editorialising about my own role in the government, can I say to you that I have given you a clear indication of what the circumstances would be in relation to a document like the one that you refer to. Now, obviously—and I am sure that you would appreciate this—different documents have different status. If, for example, there was a cabinet submission made public—and let us use that as an example—different approaches and circumstances would apply. But, in this particular case, I am outlining to you what I understand to be the process, confirmed by officials, of what might occur in the situation where a letter from a minister to certain of his ministerial colleagues ends up in the public arena. I think that I have faithfully recorded that for you. I have confirmed as best I can with officials that my understanding is current and common practice.

Senator RONALDSON—Deputy Secretary, have you spoken to the secretary of the appropriate energy department?

Mr Mrdak—No.

Senator RONALDSON—Do you intend doing so?

Mr Mrdak—Officials in our department will coordinate and check with the Department of Resources, Energy and Tourism as to whether they require any assistance in any investigations they may do. But no discussions have been held to this point.

Senator RONALDSON—Are you aware of whether they have commenced an inquiry?

Mr Mrdak—I am not aware.

Senator RONALDSON—When would you intend contacting them offering your assistance?

Mr Mrdak—Through the course of today I will make contact with that department just to see what they are putting in place. I will do that while these hearings are being held. I will ask that to be done.

Senator RONALDSON—What sort of assistance would you be able to provide them?

Mr Mrdak—In the past, where there have been such investigations undertaken by line agencies, they may have sought our assistance in relation to where documents were circulated and to who. That may be the extent of our assistance, if we can.

Senator RONALDSON—And if an inquiry was extended to external agencies, including the AFP or someone like that, would you be coordinating those inquiries?

Mr Mrdak—Not coordinating. Generally those are matters between the line agency and the AFP, but they may wish us to stay across where the investigation is up to. Essentially they are matters between the line agency and the AFP.

Senator RONALDSON—And you would be brought in as required, would you?

Mr Mrdak—Yes, as required. Obviously we will assist where we can.

Senator FIERRAVANTI-WELLS—I would like to ask, if I may, a number of questions about the Prime Minister's overseas trip—the 17-day venture overseas. I have actually tried, Minister, to find a full itinerary of that trip. I have gone through the wires. I have tried to search the internet for the actual trip and all the meetings the Prime Minister was having. But I cannot seem to find that. Can you assist me? I even checked if there was some sort of media statement made which said, 'The Prime Minister intends to do this, this, this and that at various places,' but I cannot seem to find that. I assume such a document exists. Can you assist me?

Senator Faulkner—I will certainly try to. I will see what I can do. I may not be able to assist you absolutely directly and, if I cannot, I will certainly ask officials to assist you wherever they can. What you are asking is—

Senator FIERRAVANTI-WELLS—A breakdown of the—

Senator Faulkner—Yes, where the Prime Minister visited.

Senator FIERRAVANTI-WELLS—I appreciate where the Prime Minister visited. I was actually able to plot that through the seven or eight media attendances that he made. What I am interested in is what he actually did in those various places—the meetings and some of the people. I appreciate that there is a certain confidentiality associated with some of those, but I

would like to see what the Prime Minister did and who he met with. It was an extensive trip. It was 17 or 18 days before the budget process and I am very concerned to know in detail what it is precisely that the Prime Minister did for all those 17 or 18 days.

Senator Faulkner—Thank you. It is a reasonable question. I might just very briefly respond but then ask officials to give you a more detailed answer.

Senator FIERRAVANTI-WELLS—Thank you.

Senator Faulkner—The trip that I believe you are referring to took place between 27 March and 13 April earlier this year and included the United States of America, Belgium, Romania, the United Kingdom and the People's Republic of China. As you would appreciate, the Prime Minister met with other government leaders as well as the leaders of the United Nations and NATO. The Prime Minister undertook detailed discussions on a range of key issues. You would be aware of the fact that amongst those were climate change, the global financial crisis, the WTO Doha Round and the Millennium Development Goals. What I will do so that you have a more complete picture is ask Mr Borrowman if he would perhaps give you some more detail about the Prime Minister's itinerary, which is what you are asking about.

Senator FIERRAVANTI-WELLS—Yes, I would like a breakdown of that.

Senator Faulkner—I will ask Mr Borrowman to do that.

Senator FIERRAVANTI-WELLS—Whilst I appreciate that you may not give me who attended what meetings, you may be able to give me details of meetings.

Senator Faulkner—We will give you as much information as we can on this. I will ask Mr Borrowman to do that.

CHAIR—Can I remind everyone at this point that we have been on general issues for a long time. We are now starting to get into outcomes so I propose that after this we go back and start at outcome 1 so we can proceed down the agenda.

Senator FIERRAVANTI-WELLS—I have a couple of issues. I am not sure which they fall into. I will deal with them and if they are not appropriate in the general area then perhaps I might be directed as to whereabouts in the outputs it is most appropriate ask them.

CHAIR—That would be most helpful.

Senator FORSHAW—Could I ask a couple of follow-up questions on the Prime Minister's trips to get that out of the road?

Senator FIERRAVANTI-WELLS—Certainly.

Senator FORSHAW—You have taken on notice that you are going to give us a detailed list of the events—

Senator Faulkner—No. What I was planning to do is provide as much information as possible at the table in answer to Senator Fierravanti-Well's question. Then there will be, I am sure, some matters that we will not necessarily know and will certainly take on notice if we do not know the information. Certainly, Mr Borrowman will be able to provide more detail on the question that has been asked.

Senator FORSHAW—I was going to ask if you could also tell us whether or not the Prime Minister attended any sporting events during the trip. Also as a general rule is it less expensive to stay at official residences than it would be to stay at commercial accommodation?

Senator Minchin interjecting—

Senator ABETZ—That depends upon who the guest is, Senator Minchin. I could not possibly reveal any secrets of what I have been told about our excellent ambassadors.

Senator Faulkner—I thought for a moment you were going to suggest that it depended on who the ambassador was.

Senator FORSHAW—That is true!

Senator Faulkner—I think the best way of dealing with this would be for me to ask Mr Borrowman to detail what he can.

Senator FORSHAW—He is going to do that now, is he?

Senator Faulkner—He is going to answer Senator Fierravanti-Well's questions and I think these matters will be able to be explored in detail subsequently.

Senator FORSHAW—My apologies; I was just trying to short-circuit having to come back.

Senator Faulkner—No, that is fine. We are obviously happy to help where we can.

Senator FORSHAW—I am happy if they are dealt with now. That is fine; thank you.

Senator Faulkner—You are going, for example, to issues of costs. Senator Fierravanti-Wells is going more to issues of itinerary, I think.

Senator FIERRAVANTI-WELLS—Yes, I am.

Senator MINCHIN—I would like to ask a question on travel, if I could. I appreciate that is down the agenda, but if we are on it I just want to thank the government for the answers I received to my detailed questions about the costs associated with the visit of nearly half the cabinet to Bali within a few weeks of the government taking office—

Senator FORSHAW—‘Thank the government’. Let's make note of that.

Senator MINCHIN—and spending half a million dollars for two or three days in Bali, which interested the Australian media last week when these answers were made public. The thing that attracted most attention was the fact that allotted to the Prime Minister in terms of his costs was an item for his visit from 11 to 13 December of a bill for hospitality for \$39,051.67, which of course most Australians would equate to the cost of a new Falcon, Holden or other car. Many of them save years and years to find the \$40,000 to buy such a motor vehicle but apparently the Prime Minister was able to spend that amount in a couple of days on ‘hospitality’. There are no details as to the nature of the expenses or the nature of the function or functions that were held that led to a rather extraordinary price tag for two days. I appreciate that you may not be able to give me that detail now, but I would much appreciate considerably more detail as to the make-up of the \$39,000—whether it was one function or two functions and the nature of those expenses.

Senator Faulkner—Thank you. Chair, with your agreement, the way I plan to deal with this—because I now have three sets of questions before me, which is absolutely fine, but I do think we should try and provide some answers to them—is to ask Mr Borrowman to address the first question that Senator Fierravanti-Wells asked; then, when that has been dealt with, to come to the issues that Senator Forshaw has dealt with; and then, Senator Minchin, if you are happy, to come to that one. That might give us an opportunity—because I appreciate you flagging it with us—to see if we have some information that we can provide.

CHAIR—Thank you very much. Mr Borrowman.

Mr Borrowman—The Prime Minister left Australia on Thursday, 27 March and arrived in Washington at 9 pm that evening. On Friday, 28 March he had a meeting with the President in the Oval Office. He then did a joint press conference with President Bush. He then had a working lunch with President Bush and several members of the cabinet. After lunch he held separate meetings with Mr Cheney, the Vice President; Hank Paulson, the Secretary of the Treasury; Dr Rice, the Secretary of State; Dr Gates, the Secretary of Defense; and Ben Bernanke, the Chairman of the Federal Reserve.

On the Saturday, he had a breakfast with—

Senator FIERRAVANTI-WELLS—Sorry, that was the Friday?

Mr Borrowman—That was Friday, 28 March.

Senator FIERRAVANTI-WELLS—Thank you.

Mr Borrowman—That evening, on Friday, 28 March, he had dinner with a number of senior foreign policy commentators. On the morning of Saturday, 29 March he had breakfast with a number of commentators on a different issue. He then had a meeting with Mr Christopher Cox, the Chairman of the US Securities and Exchange Commission. He then flew to New York. In New York on the Saturday he had a meeting with the Secretary-General of the United Nations. He also then met selected CEOs of a range of companies before addressing the Australian-American Association dinner that evening.

On Sunday, 30 March he returned to Washington. He had drinks with members of the Australian American Leadership Dialogue and then he had dinner at the residence with prominent Australians living in the United States.

On the morning of Monday, 31 March, he had a breakfast meeting with a number of commentators on climate change. He then went to the Brookings Institution and gave a major address there. He had lunch with a number of commentators on US-China relations. In the afternoon he had a meeting with the Senate leadership, led by Senator Harry Reid, he signed a bilateral aviation agreement with the US Secretary of Transportation and he held a roundtable with CEOs of energy companies. He then gave a major speech to the US Chamber of Commerce that evening.

On the morning of Tuesday, 1 April he had breakfast with senior administration officials. He then went to a meeting with Senator McCain; a meeting with Senator Schwab, the US trade representative; a meeting with Samuel Bodman, the Secretary of Energy; a meeting with Robert Zoellick, President of the World Bank; and a meeting with the leadership of the house, led by Nancy Pelosi. That evening he left Washington to fly to Belgium.

Senator FIERRAVANTI-WELLS—You are obviously reading from the little booklet that is put together for an official visit. Is there any reason why that cannot be tabled?

Senator Faulkner—I think, Senator, that that does—

Senator FIERRAVANTI-WELLS—It has telephone numbers and personal detail?

Senator Faulkner—It does contain quite a deal of confidential information, so it cannot be tabled.

Mr Borrowman—The Prime Minister left Washington on Tuesday, 1 April and arrived in Brussels on Wednesday, 2 April.

Senator Faulkner—I might interrupt just to make sure you are clear, Senator Fierravanti-Wells, that this has been brought to the table so we are going to answer your question directly.

Senator FIERRAVANTI-WELLS—I appreciate that. I have just seen those similarly on other visits and I—

Senator Faulkner—I know. But in relation to the Prime Minister's travel it is not possible to do that.

Senator FIERRAVANTI-WELLS—It has other details in it; I appreciate that. That is fine.

Mr Borrowman—In Brussels on Wednesday, 2 April the Prime Minister held a meeting with Dr Solana, the Secretary-General of the Council of the European Union. He went to a lunch hosted by Mr Barroso, the President of the European Commission, with a number of European commissioners. He then held a joint press conference. In the afternoon he gave a speech at the European Policy Centre.

On Thursday, 3 April the Prime Minister left Brussels at 5.25 am to fly to Bucharest, where he attended the NATO summit. Obviously, in the course of the NATO summit he had a number of contacts in the room, which I cannot detail individually. However, he also had separate—

Senator FIERRAVANTI-WELLS—And that famous salute, yes. We watched that on television. Go on.

Mr Borrowman—He also had a number of arranged bilateral meetings with Dr Jan Balkenende, the Prime Minister of the Netherlands; Mr Yves Leterme, the Prime Minister of Belgium; and Mr Stephen Harper, the Prime Minister of Canada. He also attended, obviously, a number of events associated with that NATO conference. On Friday, 4 April the Prime Minister left Bucharest to fly to London. In London on 4 April the first activity was to lay a wreath at the Australian War Memorial. He then gave a speech at lunch to the Confederation of British Industry. Then in the afternoon he went down to Chequers for the Progressive Governance Conference, which took place on Friday and Saturday. On Monday, 7 April the Prime Minister went to Downing Street.

Senator FIERRAVANTI-WELLS—Sorry, we have 4 April. Did I miss 5 April?

Mr Borrowman—The fifth of April was largely the progressive governance leaders summit and conference.

Senator FIERRAVANTI-WELLS—And then the sixth?

Mr Borrowman—There were no official arrangements on Sunday, 6 April.

Senator FIERRAVANTI-WELLS—Church?

Mr Borrowman—The Prime Minister did attend church, yes.

Senator FIERRAVANTI-WELLS—That is good. I am not saying he should not go to church on Sunday.

Senator ABETZ—We actually support the habit. I know it is not politically correct, but we actually support it.

Senator FIERRAVANTI-WELLS—We do. It is just that, when the Prime Minister goes to church on Sunday the media does not make anything of it. When the Liberals go to church on Sunday it is a different issue.

Senator ABETZ—Yes, it is a religious right conspiracy.

Senator FIERRAVANTI-WELLS—That is right.

Senator FORSHAW—I never saw John Howard going to church on TV once.

CHAIR—There was a question before. If we could continue without interruptions.

Senator FIERRAVANTI-WELLS—Mr Borrowman may continue. I apologise for the interruption.

Senator Faulkner—I think the point in relation to this is that any such activity is not considered part of the program.

Senator FIERRAVANTI-WELLS—I appreciate that.

Mr Borrowman—If I could also add that, in the margins of the NATO conference, the Prime Minister also met with President Sarkozy of France and the Prime Minister of Slovenia. On Monday, 7 April the Prime Minister went to Downing Street and had a breakfast meeting with Prime Minister Brown. He then had an audience with the Queen. At lunchtime he attended a luncheon of financial sector executives. After lunch he called on the new Secretary-General of the Commonwealth Secretariat, Mr Kamalesh Sharma. He then went and gave a speech at the London School of Economics. In the evening of Monday, 7 April he had a dinner with UK cabinet ministers. On the morning of Tuesday, 8 April the Prime Minister had a meeting with Mr Mervyn King, the Governor of the Bank of England. He had a lunch with some senior Australian businesspeople. Shortly after lunch, at two o'clock, he left for Beijing.

The Prime Minister arrived in Beijing on Wednesday, 9 April. The first engagement there was a speech at Peking University. He then attended a lunch with financial services representatives in China. He then had a discussion with Australian and Chinese business representatives about climate change. He then attended a book launch and an art exhibition at the Australian Embassy in Beijing.

On the morning of Thursday, 10 April it was the official welcoming ceremony for the visit, so he was received by Premier Wen Jiabao in the Great Hall of the People. He was then given a banquet, an official state lunch, by Premier Wen. In the afternoon, he launched a business venture and also gave a speech to the Australian Chamber of Commerce. He also held a

number of bilateral meetings in Beijing, with Premier Wen Jiabao—and I will have to get back to you with the titles of the other people, Wu Bangguo and Li Keqiang.

On Friday, 11 April, the Prime Minister travelled to Sanya in southern China en route to the Boao Forum. In Sanya, he held meetings with President Musharraf of Pakistan. He also had a meeting with President Hu Jintao and hospitality with President Hu Jintao. He had meetings with President Bachelet of Chile and Prime Minister Reinfeldt of Sweden. On Saturday, 12 April, he attended the Boao conference with, obviously, a number of other international participants and then left China on 12 April, arriving back in Canberra on 13 April.

Senator Faulkner—I thank Mr Borrowman for outlining those details. Before we move to Senator Forshaw's questions, there may be some of those issues you care to follow through before I move to them.

Senator FIERRAVANTI-WELLS—Why don't you deal with Senator Forshaw and then I will come back to the questions I wanted to ask.

Senator FORSHAW—I think Mr Borrowman has answered my question, because I did not hear anywhere in that extensive list that there were any sporting events that the Prime Minister happened to attend. Thank you very much. The other question was about cost. I understand the PM stayed—did he stay at one residence at least?

Mr Borrowman—The Prime Minister stayed at residences in Washington and in Beijing.

Senator FORSHAW—My question was: I assume that is a reasonable saving on utilising commercial accommodation, is it?

Mr Borrowman—Sorry; and New York, my colleague reminds me. As a general proposition, yes, it would be cheaper to stay at a residence than at a hotel.

Senator FORSHAW—Thank you.

Senator Faulkner—We can go to Senator Minchin and deal with his—

Senator FIERRAVANTI-WELLS—Please deal with Senator Minchin and come back to me.

Senator RONALDSON—I just have a question on that in relation to the residences. So it is cheaper to stay at the official residence than it is at commercial premises?

Mr Borrowman—As a general proposition, I think that would have to be true, yes.

Senator RONALDSON—In Washington, where did the Prime Minister stay?

Mr Borrowman—The Prime Minister stayed at the ambassador's residence in Washington.

Senator RONALDSON—Had any bookings been made at commercial premises beforehand?

Mr Borrowman—Yes, they had.

Senator RONALDSON—Were they cancelled?

Mr Borrowman—Yes, they were.

Senator RONALDSON—When were they cancelled?

Mr Borrowman—Sorry; when or why?

Senator RONALDSON—When?

Mr Borrowman—I believe they were cancelled on the Saturday, 29 March but I will just seek confirmation—Saturday 29 March.

Senator RONALDSON—Were there any costs associated with that?

Mr Borrowman—Yes, there were.

Senator RONALDSON—There certainly were, weren't there? How much?

Mr Borrowman—I will defer to my colleague for the exact amount.

Mr Leverett—The cancellation cost was US\$1,700.

Senator RONALDSON—Are you sure that is all?

Mr Leverett—I am certain that is all.

Senator RONALDSON—Can you tell us where it was?

Mr Leverett—What hotel you mean?

Senator RONALDSON—Yes.

Mr Leverett—The Willard Hotel.

Senator RONALDSON—It was the Willard InterContinental, wasn't it?

Mr Leverett—Correct.

Senator RONALDSON—On Pennsylvania Avenue.

Mr Leverett—Yes.

Senator RONALDSON—And that was cancelled—and it was cancelled how long before the decision was made to move into the official residence?

Mr Leverett—It was cancelled on the Saturday, and the Prime Minister returned to Washington on the Sunday and stayed at the residence on Sunday night.

Senator RONALDSON—What was the reason for the change?

Mr Borrowman—We were advised by the Prime Minister's office that the decision was taken on the basis that there was the dinner function that I have mentioned with the Australian diaspora on the Sunday night. Obviously, the Prime Minister had a very heavy schedule, and it was more convenient to keep him in a single location.

Senator RONALDSON—Has he repaid that amount? Has the Prime Minister repaid that \$1,100 or \$1,200?

Mr Borrowman—No, Senator.

Senator RONALDSON—He has not?

Mr Borrowman—There has been no request for him to repay it.

Senator RONALDSON—What do you mean there has not been a request? He has cancelled it. The taxpayer has had to foot the bill and there has not been a request for a refund?

Mr Leverett—You can look at it a different way. There was actually a net saving to the taxpayer. The Prime Minister would have used the suite for three days. The \$1,700 was the cost of one night's accommodation.

Senator RONALDSON—So there was a lot of concern about saving money, was there, but it had been booked for three days and a decision was made 12 hours before to cancel?

Mr Leverett—That is correct.

Senator RONALDSON—If there was such a concern about saving money, why did it take until 12 hours before he arrived for the decision to be made?

Mr Leverett—I did not say there was such a concern about saving money. My point was—

Senator RONALDSON—There was not a concern about saving money?

Mr Leverett—No, you are putting words in my mouth, Senator. I said that there was—

Senator Faulkner—I heard the evidence that the witness gave and the reason for the cancellation. I am more than happy to answer these questions, but I think you should be a little more respectful.

Senator RONALDSON—Thank you very much, Minister. That is very generous of you.

Senator Faulkner—That is fine.

Senator RONALDSON—Thank you, Minister. Given that the rationale for this was saving money, it seems—

Senator FORSHAW—Point of order, Chair. That is a complete misrepresentation of the witness. Mr Leverett explained that the rationale was that the PM had a function that night—I think he said with the diaspora—and that given the schedule it was deemed more appropriate that the accommodation be changed. You are now trying to put to the witness a complete misrepresentation of his evidence in order to try and pursue a further line of questioning. I do not think that is appropriate.

Senator RONALDSON—Do not give up your day job, Senator.

Senator FORSHAW—This is my day job and my night job—unlike most of your mates, who have got two jobs.

Opposition senator interjecting—

Senator FORSHAW—I am still here, mate, and I am in government. If that means I am lucky, I am happy to take the description.

Senator RONALDSON—Presumably—and even my good friend Senator Forshaw has put two and two together to work this out—if you save money, which the evidence was, it is cheaper. If you save money, isn't something cheaper? I would have thought so.

Senator ABETZ—I would have thought so.

Senator RONALDSON—So there has been no request at all of the Prime Minister to refund this money?

Mr Leverett—No, Senator.

Senator RONALDSON—I will ask you, Minister: why should the taxpayer front up with this money? I understand it was booked for three days and it was a whole floor, wasn't it?

Mr Borrowman—A number of the remaining party stayed at the Willard, so the entire booking was not cancelled—only that part of the booking that pertained to the Prime Minister.

Senator RONALDSON—So other staff stayed at the Willard, did they?

Mr Borrowman—Yes.

Senator RONALDSON—How much a night was that for the staff, do you know?

Mr Leverett—We do not have those costs yet.

Senator RONALDSON—How many staff were staying at the Willard?

Mr Leverett—Nine of the Prime Minister's staff.

Senator RONALDSON—Nine of the Prime Minister's staff were staying at the Willard. How much a night was it for each of them?

Mr Leverett—I cannot tell you off the top of my head. I can find out for you, but I do not know.

Senator RONALDSON—When the Prime Minister left there, was there any endeavour to find cheaper accommodation for the staff?

Mr Leverett—No, Senator.

Senator RONALDSON—How much a night was it for the Prime Minister's room? \$1,100?

Mr Leverett—One thousand seven hundred.

Senator RONALDSON—I assume it was similar accommodation for the staff?

Mr Leverett—It was the same hotel but standard rooms for the staff.

Senator RONALDSON—And you do not know what the costs of those were?

Mr Leverett—Not off the top of my head, but I can find out for you.

Senator RONALDSON—You will take that on notice?

Mr Leverett—Yes.

Senator RONALDSON—So there were nine of the Prime Minister's personal staff there. Was there anyone else?

Mr Leverett—Yes. There were a number of officials.

Senator RONALDSON—How many?

Mr Leverett—There were five officials.

Senator RONALDSON—I presume Pennsylvania Avenue is a pretty swanky part of Washington.

Mr Leverett—That is not a judgement I care to make.

Senator RONALDSON—I have not stayed in Pennsylvania Avenue, but how was it rated—

Senator Faulkner—There is certainly at least one address in Pennsylvania Avenue that I am aware of that is pretty swanky.

Senator RONALDSON—What is the Willard InterContinental—a three-, four- or five-star hotel?

Mr Leverett—I do not know, Senator. It is a good hotel.

Senator RONALDSON—It is a good hotel, isn't it? Can you double-check and see whether it was a two-, three-, four- or five-star hotel and how much the overall cost was? I will revisit that. There were no requests for repayment from the Prime Minister for this cancelled room?

Senator Faulkner—That is right, Senator. You have heard that and you have also heard the evidence that, as a result of the changes to where the Prime Minister stayed, there were in fact some savings. I do not think this is a remarkable thing for such changes to be made from time to time. I know of a whole raft of instances historically where this has occurred. There are good reasons for this. You have heard the reason in this case. I know of this occurring in the past because of concerns about security arrangements. There are a whole series of reasons—it might be just to suit the convenience of the Prime Minister of the day. But in this instance, yes, there is a cancellation fee—the cost is \$1,700, as you have heard—and, yes, as a result of the Prime Minister's changed accommodation requirements in fact there are likely to have been savings which we have not been able to quantify and might not be able to quantify to the taxpayer. That is the picture. I have tried to put that in as objective a way as I can, given the evidence that has been provided.

Senator RONALDSON—Thanks, Minister. Mr Leverett, would it be normal to book staff and officers into the Willard on these sorts of visits?

Mr Leverett—It would be normal to book the Prime Minister and the complete party into the one hotel.

Senator RONALDSON—So, if you had known that the Prime Minister was going to cancel his stay at the Willard, would you have booked the officials and the staff into that hotel?

Mr Leverett—That is a hypothetical question, Senator.

Senator RONALDSON—What is hypothetical about it? Do they normally stay there on their own without the Prime Minister?

Mr Leverett—Can I answer the question in two other ways?

Senator RONALDSON—Sure.

Mr Leverett—Where the Prime Minister did stay in residences, which has been acknowledged earlier in this discussion, the accompanying party was booked into the most convenient hotel nearby. Those hotels were certainly not, in your words, five-star hotels. The decision, as we have also discussed earlier, was made on the Saturday night before returning to Washington on a Sunday. To have moved the whole party at that stage obviously would have incurred a very much more significant cancellation cost at the hotel.

Senator RONALDSON—I will re-ask the question. Would it be normal for officers and staff to be staying at a hotel of the quality of the Willard without the Prime Minister in attendance?

Senator Faulkner—The circumstances I suspect would not normally arise.

Senator RONALDSON—You are probably absolutely right. They would not normally arise because, presumably, the Prime Minister would have been organised enough to know where he was likely to stay and the costs associated with having a party of that size staying at the Willard. So on a whim he has changed his mind and we had all these staffers and others sitting there luxuriating in a five-star hotel. Why wasn't this decision made earlier on? Senator Forshaw, you might think this is funny; I actually do not think it is terribly funny.

Senator FORSHAW—I think it is awful.

Senator RONALDSON—If you were out there—

Senator FORSHAW—You have a Prime Minister who does all of these things in seven—

Senator RONALDSON—trying to afford petrol and groceries and everything else, I don't think you would find it terribly funny that nine people stayed at a five-star hotel. I think you should sit there and be quiet while we get these questions answered.

Senator Faulkner—Senator, the difficulty—

Senator FORSHAW—Is this the best you have got? The Prime Minister does all of this on this trip—

Senator RONALDSON—Sorry, are you the minister now, are you?

Senator FORSHAW—and you are suggesting that people are luxuriating.

CHAIR—The minister has the call.

Senator FORSHAW—Have a look at how much work was done on that trip.

Senator RONALDSON—I am surprised that the nation hasn't dropped to its knees—

Senator FORSHAW—We are happy to go back and compare it all.

CHAIR—Senator Ronaldson, you have a question for the minister and he is trying to respond.

Senator RONALDSON—Praise the king.

Senator Faulkner—The question is hypothetical. However, the officials at the table have tried to give you a complete outline of the circumstances and the best information we can in relation to the question you asked. I am sure you appreciate the nature of the question is such that it is not necessarily an easy one to answer. These are comparatively unique circumstances in relation to the change to the Prime Minister's accommodation. As you have heard, although officials are unable to be precise with a dollar figure in relation to the savings, there will in fact be a saving as a result of the Prime Minister's changed accommodation.

Senator RONALDSON—Thank you very much for that. Can I take it from Mr Leverett's non response to my question that it is now the policy of the Rudd Labor government that staff and officials, accompanied or unaccompanied, will be staying at five-star hotels around the

world? Irrespective of whether the Prime Minister is accompanied or not, staff and officials will be staying in five-star hotels—is that now official government policy?

Senator Faulkner—I have two elements in answer to your question. The first is that I do not think it is fair to say that Mr Leverett provided you with a non answer. Officials have provided you with the best answer they can in these circumstances.

Senator RONALDSON—I was told it was hypothetical.

Senator Faulkner—I said that.

Senator RONALDSON—I am asking you the question: is it now the government's policy—yes or no?

Senator Faulkner—I am coming to the second part of my answer. It is not Mr Leverett who said it was hypothetical; I said it was hypothetical.

Senator RONALDSON—Mr Borrowman might have said it was hypothetical. My apologies, Mr Leverett.

Senator Faulkner—I certainly said it. I said it was difficult to answer—

Senator RONALDSON—I apologise sincerely for misrepresenting you, Mr Leverett.

Senator Faulkner—I actually said it. I am not suggesting it was unreasonable to ask the question, but it is a difficult question to answer because of the unique circumstances that apply in this particular instance. In relation to the government's policy, no, there is no such policy, as you are aware. There are always efforts made—and I think you know this—to keep a travelling party together when they are overseas. I understand that is one of the imperatives that officials have, and you would understand why that is the case, and I am sure you would not disagree that it is a sensible way of proceeding.

In this instance, the bookings and arrangements were made and there was, obviously, as you have heard, a comparatively late change to the itinerary in relation to where the Prime Minister himself stayed. There were some costs, a small amount of cost, borne as a result of that. That figure is available; it is \$1,700. However, that is more than offset by the savings because of the accommodation being made available at the residence. That is the full story. I think it is a pretty fair summation of the situation. Whether there have been any similar instances of this, I do not know. But of course all efforts are made to keep travelling parties together in other countries.

Senator RONALDSON—Thank you, Minister. Mr Leverett, how far is the official residence away from the Willard?

Mr Leverett—I cannot tell you in kilometres, but about a 15-minute drive.

Senator RONALDSON—Is that during the day or at night?

Mr Leverett—That was the average length of the drive; day or night, we did it in about that time.

Senator Faulkner—When you look at these things historically, you would be aware—because of information at this committee—that, when the Prime Minister stayed at Blair House in 2006, his officials and the travelling party stayed at the Hay-Adams, which I

understand is a very luxurious place. That is one circumstance that comes to mind and, as a long-standing member of the committee, I could probably bring a few others to mind. But in this particular—

Senator RONALDSON—I am sure they would be very useful. But I am actually talking about the recent trip. I am also talking about this long list of promises that you made to the Australian people, about ‘openness and transparency’ and ‘no more largesse’ and ‘the former government was largesse-driven’. I am actually asking what happened during the Rudd government period.

Senator Faulkner—Of course.

Senator RONALDSON—Mr Leverett, what was the cost of the room at the Willard? I assume the cancellation fee was not the full amount of the room fee. So what was the room fee a night?

Mr Leverett—I would have to take that on notice.

Senator RONALDSON—Thank you very much.

Senator Faulkner—I can assure you and other senators—Senator Fierravanti-Wells, on her question, and soon we will get to Senator Minchin’s questions and Senator Forshaw’s questions—that there has never been this level of transparency or such effort to assist committee members with this sort of detail in Senate estimates committees. We are treating transparency as critically important and I hope a fair-minded person would acknowledge that that is the approach that I am taking at the table and that I am encouraging officials to take.

Senator RONALDSON—So no-one can actually give me an answer as to whether these nine people would have been staying at a five-star hotel—irrespective of whether the Prime Minister was with them or not? Is that the evidence I am being given today?

Mr Borrowman—In the two cases where the Prime Minister, as Mr Leverett has said, stayed in residences—other than this case, where there was a late cancellation, so it was not feasible to move—we stayed, the party stayed, at the hotel most proximate to the residence. And, as Mr Leverett said, that was by no means in either case of a standard of anything approaching the hotel in Washington.

Senator FORSHAW—In those circumstances there were savings as well, I suppose, because the PM was staying in the residence?

Mr Borrowman—As I said before, Senator, on the basis of—

Senator FORSHAW—If we are looking at this—

Mr Borrowman—But generally, yes, it would be cheaper to stay in the residence because—

Senator FORSHAW—They are hypotheticals, because you could plan it a different way. But there were savings, weren’t there?

Senator RONALDSON—I am just sure that Australia’s working families will be very pleased to wake up tomorrow morning and know that there are nine people travelling with the Prime Minister staying in five-star luxury! I am sure that will make them very comfortable when they are heading off to fill up their cars at \$1.60 a litre! I am sure they will not think

twice about the largesse that has been extended! And on that basis I will hand back to Senator Minchin.

Senator Faulkner—I think that many people will come to the conclusion that the key elements of the Prime Minister's trip—you have heard exhaustively what the itinerary was, and it was an exhaustive itinerary, in every sense of the word—and the outcomes are such that most reasonable people will acknowledge that. I think they will also acknowledge the efforts that are being made at this committee to provide full transparency on these issues. I can assure you of the efforts that are made to minimise the costs of these trips, but we all know—and we are moving in a moment to some questions asked by Senator Minchin—that, every time a Prime Minister or a minister travels, there are costs. But primarily in this instance a comparatively small cost was borne in relation to the cancellation of a room, and savings were accrued as a result of the Prime Minister staying at the official residence.

Senator Minchin, in relation to the issues that you have asked about, I am going to ask Mr Leverett if he can provide you with a disaggregation of the hospitality of 13 December, which is what you requested.

Senator MINCHIN—I am happy if the official tables the notes summarising the—

Senator Faulkner—I will ask Mr Leverett to provide what information he can.

Senator MINCHIN—Can he do it in writing or is he only able to do it orally?

Mr Leverett—I can give you a partial but significant disaggregation now and further detail later. I think it is worth putting on the record in answer to your question that, of the \$39,000, \$26,512 was for one event, which was a reception hosted by the Prime Minister for all the Australian participants at the UN conference in Bali. That was a total of some 324 Australians invited to that event.

Senator MINCHIN—Only Australians?

Mr Leverett—Correct.

Senator MINCHIN—There were 324 Australians there?

Mr Leverett—Yes. That is all sorts—NGOs and so on. It is all the Australians that could be identified as being present at the conference.

Senator MINCHIN—And that was held at the Prime Minister's hotel, was it?

Mr Leverett—No. The conference was held at the Bali International Convention Centre and this event was held at the hotel next door to that, which is called the Laguna hotel. In that figure of \$26,000, there is obviously a venue hire fee and then a per-head food and beverage consumption fee. I think it works out at around \$80 per head.

Senator MINCHIN—And the balance?

Mr Leverett—The Prime Minister hosted a number of much, much smaller functions for other leaders who were attending the conference. I do not have the details of those with me, but we can provide those for you—who they were for and when and so on.

Senator MINCHIN—I would appreciate that.

CHAIR—Are there any more general questions?

Senator FIERRAVANTI-WELLS—There are. I am just continuing my line of examination which I started two hours ago.

Senator MINCHIN—Senator Fierravanti-Wells, you are following up on the world trip, are you?

Senator FIERRAVANTI-WELLS—Yes, I am. I have some further questions about that.

CHAIR—After that, we can proceed to go through the outcomes as listed.

Senator FIERRAVANTI-WELLS—I have other questions. If I then ask them in another area and then you say they should have been asked in general questions, I do not want to be caught up.

CHAIR—Do you want to foreshadow the questions and then perhaps we can indicate to you where they fall?

Senator Faulkner—Can I just indicate that there ought be no question that cannot be asked in one of the outputs. If Senator Fierravanti-Wells—or any other senator—wants to get either a public or a private indication from officials about what the appropriate outputs are, I am really happy to assist. I know the complexities of this because I have had to ask these questions so regularly myself over the years. We will help, either informally or formally, the committee.

Senator FIERRAVANTI-WELLS—Let me just finish my questions in relation to the overseas trip, and then we will just—

Senator Faulkner—That is fine; you can ask them however you like.

Senator FORSHAW—Because I want to get to the—

Senator Faulkner—We will help if you would like the outputs identified.

Senator FIERRAVANTI-WELLS—And I will keep them succinct, if I can. I am particularly interested in the meetings in China, Minister, given the close association that the Prime Minister had and has with the Beijing AustChina Technology company and the extent of the sponsorship of his travel—I think it was about 16 trips for himself, members who are now ministers, and staff, and donations. I ask: during the trip, did the Prime Minister or anybody travelling with him have any contact with Mr Tang or any of this company's associates in China? I notice on the itinerary that you had a lunch with financial services, lunches with business representatives and launching of business ventures. I would like to know if there was any contact. You see, I am concerned, Minister, that in the House and in the House *Hansard* this issue was canvassed quite considerably, and indeed Mr Tang was referred to as his 'Chinese controller'—I do not know if that was referring to Mr Rudd—on 19 March. I am very concerned, given that very close association and given the matters that were raised in the House in March, as to whether there was any contact with Mr Tang or with any associates or any persons from the parent company of the Beijing AustChina Technology company.

Senator Faulkner—Officials are not aware of the gentleman you mention attending any official functions, but I would like to be absolutely precise in my response to you. I appreciate

that my answer is somewhat qualified, as it must be in these circumstances, so I think the best situation here is to take your question on notice so we can get you a precise answer to it.

Senator FIERRAVANTI-WELLS—Minister, I take you back to an interview that the Prime Minister gave to Chris Uhlmann on 20 March, where he said:

I believe so, but I speak at many Chinese functions when I'm in Beijing, Shanghai or elsewhere in the country. It's difficult not to, given my 25-year long association with various aspects of the Australia-China commercial relationship.

I read in *Hansard* comments by the Vice-President of Beijing AustChina Technology, Ms Maggie Zeng, when she said:

Our company needed to do some business—

this was in reference to the Sudan trip in 2006—

Kevin went with us. We were just doing business with some companies in Sudan, including some telecoms companies.

Given that very close association, I would like—if you could, Minister—to make all efforts in relation to not only the Prime Minister but in particular the Prime Minister's staff or any other person that may have been travelling, to assure us that there was no contact or, if there was, of the nature of that contact.

Senator Faulkner—I have indicated to you that officials are not aware of any—

Senator FIERRAVANTI-WELLS—I appreciate that. It is a very detailed question. Thank you.

Senator Faulkner—wait a minute—and I am certainly not aware of any. It appears there is unlikely to have been any. But nevertheless, in the circumstances, I do not really have much of an alternative but to take that on notice so I can provide you with as precise an answer as I can. The only difficulty with these things, as is always the case—although I do not know much, apart from what I have heard from Mr Borrowman, about the Prime Minister's itinerary in China—that sometimes there are, as you know, functions with hundreds and hundreds of attendees, so we can only make our best efforts on this, but I will certainly do that.

Senator FIERRAVANTI-WELLS—I appreciate that. Given the close association, I would be very surprised if there was not at least some contact made, but I leave that point for you to take on notice.

Senator Faulkner—Senator, I treat that as editorialising. The best information I have is that officials are not aware of any attendance, but if we can provide you with a more precise answer I will.

Senator FIERRAVANTI-WELLS—Thank you. Can you also take on notice to provide a breakdown of the cost of that whole trip, similar to the breakdown that was given in the answer to the question that Senator Minchin asked about Bali.

Senator Faulkner—I suspect that is certainly not available at this stage.

Senator FIERRAVANTI-WELLS—No, but please do take it on notice.

Senator Faulkner—I am just checking with officials. These things, as you know, take some time. I just want to flag with you, Senator, in relation to that question, that we may not be able to provide you with such a breakdown within the normal time frame for answers to Senate questions on notice. Obviously, best endeavours will be made—

Senator FIERRAVANTI-WELLS—Thank you.

Senator Faulkner—but it is a comparatively recent trip. You know that it takes some time. So I will just flag with the committee chair that, in taking that question on notice, there might be some time delay in providing a full answer to the committee.

Senator FIERRAVANTI-WELLS—Thank you. Minister, can I just take you to an article in the *Courier-Mail* of 22 May. It is obviously quoting figures that were produced to Senator Minchin. I notice that, as part of the costs associated with the Prime Minister travelling to Bali for two nights, there is a figure of \$1,125.74 as a cost to the Prime Minister's accompanying doctor. Is it normal for a doctor to accompany a Prime Minister overseas? Is that normal practice?

Senator Faulkner—Yes, Senator.

Senator MINCHIN—Yes, it is.

Senator FIERRAVANTI-WELLS—Could you also give me a breakdown, again on notice, of all overseas trips that the Prime Minister has taken since he has become Prime Minister and a breakdown of the costs in relation to that.

Senator Faulkner—I can outline the trips now for you that the Prime Minister has made. When the costs—you would appreciate, as I said in answer to an earlier question—

Senator FIERRAVANTI-WELLS—I appreciate that the costs will take some time, given the recent nature of them.

Senator Faulkner—So I will provide what information I can for you. On 11 to 14 December last year, the Prime Minister visited Indonesia—Bali, as you are aware from previous evidence—and East Timor. That was to attend the UN Framework Convention on Climate Change Conference of the Parties and to meet Indonesian and other national leaders, and to meet Timorese government leaders and visit ADF and AFP personnel in East Timor. On 20 to 24 December last year, the Prime Minister visited Iraq and Afghanistan to meet respective government leaders and, again, visit ADF personnel there. On 15 February this year, the Prime Minister visited East Timor to reinforce Australia's support for democracy in East Timor. I think you would be aware that, on that occasion, the Prime Minister reviewed the situation there with the Prime Minister and other East Timorese leaders and met with senior personnel with the International Stabilisation Force and the UN. On 6 to 8 March this year, the Prime Minister visited Papua New Guinea and the Solomon Islands to meet PNG and Solomon Islands leaders and to meet with ADF and police personnel serving with RAMSI. Finally, you are aware of the full itinerary of the trip that you asked about a few moments ago that occurred between 27 March and 13 April this year.

Senator FIERRAVANTI-WELLS—That is about six months and six or seven trips. How many are foreshadowed?

Senator Faulkner—I count that as five trips.

Senator FIERRAVANTI-WELLS—Sorry, five. How many more are foreshadowed?

Senator Faulkner—Five trips since the Prime Minister was elected, one of one day's duration and one of two days duration.

Senator FIERRAVANTI-WELLS—Minister, could you tell me about the travel overseas and the usage of planes. I understand that the Prime Minister travels on an official plane. Could you tell me the background to the taking of two aeroplanes overseas.

Senator Faulkner—Yes, we will provide you with what information we can on that. The officials can give you a more detailed breakdown, but I am sure that you understand that the Prime Minister agreed to the provision of a second special purpose aircraft, which was in response to a request from major Australian media companies. My understanding is that this was requested following the Garuda tragedy in Indonesia. I think it is accurate to say that the request was made on not only safety but also logistical grounds. The facts are that, given the complexity of the PM's travel itinerary on his recent trip, he agreed to the provision of the second aircraft.

Senator FIERRAVANTI-WELLS—How much of that ended up being paid by taxpayers?

Senator Faulkner—I am not sure how much of that would be able to be answered by PM&C officials, because some of the costs are borne primarily, I believe, by the Department of Defence.

Mr Lewis—The Department of Defence would have the details of the cost of that, and the funding is finally provided by the department of finance. But defence would be able to answer your question.

Senator MINCHIN—Just on that: the media do contribute to those costs?

Mr Lewis—Yes.

Mr Leverett—They pay a commercial airfare for those flights.

Senator MINCHIN—Yes.

Senator FIERRAVANTI-WELLS—I ask this question in general because of the media circumstances that lead to the dismissal of the nanny at the Lodge, following questions that were asked at estimates. During the last estimates, evidence was given that the nanny had commenced on 21 January 2008. I understand that, following the questions that we asked, the Prime Minister made a statement that the cost of the nanny would be borne by him and his family. I think that was about 19 February or thereabouts. Did the Prime Minister also undertake to bear the cost of the four weeks that the nanny was engaged prior to the public outcry on this issue, which was when he decided that he would meet the costs? Did he reimburse the money for those four weeks?

Mr Mrdak—Yes.

Senator FIERRAVANTI-WELLS—Good.

Mr Mrdak—The Prime Minister has reimbursed for the salary and the costs of that position to that period.

Senator FIERRAVANTI-WELLS—I will raise further matters about staffing later.

Senator RONALDSON—If we are doing staffing, we want to continue with that.

Senator MINCHIN—Can I suggest you go through the outcomes, Chair.

CHAIR—I think it agreed that, following general questions, we would go through the outcomes.

Senator RONALDSON—I think these questions have been generally raised, but can I put two questions formally on notice in relation to these overseas trips before we go on?

CHAIR—Senator Minchin had asked that we go through the outcomes. That was the agreement. We have covered all the general questions.

Senator RONALDSON—I just want to get two questions on notice to clear up the overseas trips, if I may.

CHAIR—Okay. Then we will proceed to outcome group 1.

Senator RONALDSON—Deputy Secretary, can you provide the committee with a breakdown of all the costs borne by PM&C for the Prime Minister's office in relation to several overseas trips made by the Prime Minister since he took office and by his departmental staff as well. Those are the two questions.

Senator Faulkner—I believe that I have taken that information on notice for Senator Fierravanti-Wells.

Senator RONALDSON—Yes, I think that is probably right. I did just want to clarify it.

Senator Faulkner—The information can and will be provided, but I stress with the committee, particularly for the more recent trips, that there is a time lag and it may not be possible to meet the committee's deadline in answer to this question. I know the committee understands these processes, but I think it is probably better to flag that in relation to the timing difficulty. Senator Ronaldson, my understanding is that Senator Fierravanti-Wells has asked a very similar, if not identical, question, and the information will be taken on notice.

Senator RONALDSON—I think that is right. I want to clarify that it covers both departmental and prime ministerial staff.

[10.21 am]

CHAIR—We will go to outcome 1.

Senator MINCHIN—Could we deal with economic and industry policy?

CHAIR—Yes.

Senator MINCHIN—As a general question in this area, I want to know whether PM&C continue to believe that the second-round effects of policy decisions made by the government should not be brought to account in terms of the government's estimates of its revenue and expenditures.

Mr Mrdak—I am sorry, Senator; we are just getting the relevant officers.

Senator MINCHIN—That is fine.

Mr Tilley—Senator, would you mind repeating the question?

Senator MINCHIN—I am wondering whether the Department of the Prime Minister and Cabinet continues to believe, as it always has, that the second-round effects of policy decisions made by the government should not be brought to account in terms of the impact on estimates of government revenue and expenditures.

Mr Tilley—My understanding is that the general approach—this is not something where you can put a very clear line—is to include second-round effects where they are a direct consequence of the policy.

Senator MINCHIN—With great respect, that is a contradiction in terms. If it is a direct effect, it is a first-round effect. The definition of ‘second-round effect’ is that it is an indirect consequence of a decision.

Mr Tilley—I can check the exact definition. Maybe I have got it wrong. But, where the effect is a direct and measurable consequence of the policy, the approach has been to include that, but not the next step—but that is a matter of judgement about how far you go. These things have been established by precedent over time.

Senator MINCHIN—I think you know as well as I do that all central agencies have always taken the view that, particularly with respect to expenditure decisions, it is highly dangerous to start counting secondary or indirect revenue consequences of expenditure decisions—because where is the end of the string? I am just seeking confirmation that that central agency position, which is one that PM&C, Treasury and finance have always held, remains the position of PM&C—that governments should not bring to book the secondary revenue effects of revenue decisions or vice-versa.

Mr Tilley—I am not sure I would describe it as a central agency position as such. The Treasury is responsible for the revenue estimates in the budget. Finance is responsible for the expenditure estimates in the budget. I am really articulating to you what is my understanding of how they go about doing that.

Senator MINCHIN—The PM&C, as a central agency, always provides advice on these matters and has views on these matters. My clear recollection is that PM&C, as a matter of principle, does not believe that governments should take into revenue estimates second-round effects of expenditure decisions. I am just seeking to know whether, as a general rule, that remains the view of PM&C.

Mr Tilley—The view of PM&C has not changed. I am not trying to duck the question, but the Charter of Budget Honesty is quite clear about who has responsibility for revenue estimates and expenditure estimates in the budget. We have an involvement, in the sense, obviously, of making sure we can comprehend—and, to some extent, in having internal discussions about how to approach—those estimates. But fundamentally the revenue estimates are done in Treasury and the expense estimates are done in Finance. We are not a direct participant in the production of any of those estimates. It does not mean we do not have a view, but we are not a direct participant.

Senator MINCHIN—But you express views on them, and presumably your role is to advise the Prime Minister of your views on these matters when he is called to make decisions in the ERC or cabinet on whether the second-round effects ought to be properly included or not included. Presumably that is part of your role.

Mr Tilley—If we had a view that something was not done appropriately, in line with the stated, normal practice of how to produce revenue and expense estimates, that may well be something we would choose to advise on.

Senator MINCHIN—I just draw your attention to the list, in Budget Paper No. 1, of revenue policy decisions since the 2007 PEFO. I have to say that I was absolutely and utterly staggered to see that, listed as a revenue policy decision, is the immigration program: a 37,500 place increase for 2008-09, with a revenue policy decision recorded for the grand total of \$2.9 billion for the forward estimates. I do not have to ask you to confirm that that is the case because it is there in black and white. I know I cannot ask you what your advice to the Prime Minister was about the proposition that a decision to increase the migration intake should be counted as a revenue policy decision. No doubt you would love to have the opportunity to express it, but I will not push you on that. You may not be able to answer this, but can you tell me whether this is the first time ever that an increase in the immigration program, which does bear direct expenditure effects that are recorded in the budget, has ever been recorded as a revenue policy decision?

Mr Tilley—Clearly you would need to confirm that with Treasury, but I am not aware that that has been the case before.

Senator MINCHIN—Thank you for that. We will pursue that with Treasury. Who would make such a decision?

Mr Tilley—To include that revenue estimate?

Senator MINCHIN—Yes.

Mr Tilley—I do not know, other than to tell you in general terms that the revenue estimates in the budget are prepared by Treasury and provided as advice to the Treasurer and the minister for finance in the preparation of the budget and in the budget presented by the Treasurer and the minister for finance. But the revenue estimates are prepared by Treasury.

Senator MINCHIN—But this is listed as a revenue policy decision. Somebody had made a decision—which, as you acknowledge, is almost certainly for the first time ever—to include as a revenue policy decision what are clearly the second-round revenue effects of an increase in the migration program. I am just seeking for the record the evidence as to who made this ‘decision’.

Mr Tilley—Subject to you confirming with Treasury, because I do not know the exact details—

Senator MINCHIN—I appreciate that.

Mr Tilley—I would assume that that advice, that treatment of that revenue item, was on the advice of Treasury as put to the Treasurer.

Senator MINCHIN—But, surely, either the Expenditure Review Committee of cabinet or cabinet itself would have to formally sign—maybe this is a question for the minister, but Treasury cannot make a decision of that kind. That is a significant policy decision that would have to be made at a senior level of government, surely.

Mr Tilley—Clearly the budget papers are ultimately by the Treasurer, the minister for finance and the government. So, ultimately, that is where the decision lies. But, as you have described, Treasury will advise the Treasurer and other ERC ministers. Submissions will go to the ERC from ministers and the ERC will then make a decision, subject finally to confirmation by the budget cabinet. So it steps through all those processes. I guess I was focusing back on where the initial advice comes from, but that is the treatment.

Senator MINCHIN—I appreciate that. I am seeking to find out which committee of cabinet made this decision. Is there still a revenue committee of cabinet?

Mr Tilley—No, the ERC now deals with both expense and revenue matters.

Senator MINCHIN—You may wish to take this on notice, but presumably then the Expenditure Review Committee of cabinet made the decision—which, as I understand it, and I think you are also suggesting is the case, was for the first time ever—to include these indirect revenue effects of immigration as a revenue policy decision. So we will take it that it was the ERC, subject to you informing the committee that that was not the case.

Mr Tilley—Sorry, Senator, I was just reading a note so only half got your question, but technically, the ERC makes that final decision. I can confirm, or we can ask Treasury, on the issue of whether these revenue effects have been taken into account previously or presented as a policy measure in that way. I can confirm that easily today and come back to you.

Senator MINCHIN—Thank you.

Mr Tilley—Otherwise you can ask Treasury.

Senator MINCHIN—I would appreciate whatever information you could give us as PM&C—

Mr Tilley—I will come back to you today.

Senator MINCHIN—but we will also pursue it with Treasury. Can I ask, therefore, whether the government has effectively or overtly made a decision that other second-round effects of decisions it makes will now be included as revenue or expenditures? Or do we take this to be restricted to immigration? Do we take it now that it is the case that, whenever there is a change in immigration, the effects on revenue will be included, even where there is a decrease in immigration?

Mr Tilley—I think I need to go and check the exact approach that is taken. Certainly, ultimately it is a matter of judgement, but my understanding is that the inclusion of fiscal effects from policy decisions is a question of judgement about the extent of connection and measurability of the expense or revenue movement. There is a judgement involved. There is an articulation that would help, which I do not have in front of me, which tries to describe what revenue or expense movements would be taken into account. It relates to the degree of connection to the actual policy measure and the measurability of the movement.

Senator MINCHIN—You did not actually confirm whether or not you had provided advice to the Prime Minister about this matter. I am not asking what the advice was but can I ask whether advice was provided to the Prime Minister on the issue of whether or not the government should be making a revenue policy decision with respect to the increase in the immigration program.

Mr Tilley—I do not believe that we advise specifically on that revenue estimating issue.

Senator MINCHIN—Can I ask whether you provided any advice to the Prime Minister, again, without going to the nature of the advice, on the impact on things like demand, inflation, interest rates and other economic variables of this increase—given that the government has made this quite extraordinary decision to include the revenue effects of an immigration increase in its revenues to the tune of \$2.9 billion, one of the biggest revenue items of them all? Presumably, then, the government also made a detailed analysis of the impact of this increase on other economic variables.

Mr Tilley—That is the case, Senator. I do not have details of advice, but we would have advised on this policy measure.

Senator MINCHIN—Going to the economic impacts.

Mr Tilley—I do not recall the details of the advice, but we would have advised on the relevant issues, which I imagine would go to—

Senator MINCHIN—But you did advise on the revenue impact.

Mr Tilley—Not on the specific revenue issue, but on general economic and other policy issues associated with the measure.

Senator MINCHIN—Minister, are you able to enlighten us as to whether it is now government policy to include the revenue effects of immigration decisions? Is this a one-off or are we now in a situation where the formal position of the government is that whenever the official immigration intake changes, either up or down, the revenue implications of that decision will be recorded as revenue decisions of the government?

Senator Faulkner—I am not sure that I will be able to enlighten you greatly on this, but let me just check with the officials. In the circumstances, I think it would be a question that I would best take on notice. I also think that it is probably one best directed to the Treasurer as opposed to the Prime Minister. I will ensure that that occurs.

Senator MINCHIN—We will certainly ask Treasury, but I thought you, as Cabinet Secretary, might be able to enlighten us as to whether it is now the government's policy to do so, because that question is left begging by this, as I say, rather extraordinary decision.

Senator Faulkner—It is true that, as we have established, I am the Cabinet Secretary. But I think you would also acknowledge that I do not have primary responsibility for these issues. In this circumstance I will certainly take it on notice and I will ask it at a PM&C departmental level. I will also, respectfully, request the Treasurer to examine the question you have asked.

Senator MINCHIN—Thank you.

Senator WATSON—On the same topic, under the new accounting standards adopted internationally, is not the government required to show this as revenue?

Senator Faulkner—I am not an expert in accounting standards.

Senator WATSON—I think Mr Tilley might be.

Senator Faulkner—I will see if an official can assist me. In cricketing parlance this would be one where I certainly would not be slashing outside the off stump. Are you an expert in these new accounting standards, Mr Tilley?

Mr Tilley—I am not sure that I am an expert as such. We have two sets of accounting standards: the AAS and the GFS.

Senator WATSON—Yes. It is the first one that we are referring to.

Mr Tilley—The budget papers are required to be prepared in line with both sets of accounting standards. In fact, this year's budget papers have actually tried to consolidate down to one set of financial statements rather than two, in line with the separate accounting standards. What the Charter of Budget Honesty requires is that the budget be prepared in line with those accounting standards and that any departures from those accounting standards be disclosed. So the budget papers have details in them of some departures from those accounting standards. Getting to the particular aspect of your question of what is required by the accounting standards, again, it goes to recognising revenues and expenses to the extent that they can be reliably determined. I think the issue here is to what extent you think you can reliably make an estimate of the impact.

Senator WATSON—If you can, you have to disclose it. Thank you.

Senator MINCHIN—I wonder if this division or the minister could explain to me what the professed government rationale is for the very dramatic increase in the luxury car tax. We had some argument yesterday about exactly what the rationale for the changes to the private health insurance thresholds is with respect to the Medicare levy. What exactly is the rationale from the government's perspective for the increase in the luxury car tax?

Mr Tilley—I would have to look at the budget measure to see how it is described. My recollection is that it was a measure taken as part of adding an increase in the level of taxation on those that were seen by the government to be in a better position to be able to afford that increase.

Senator MINCHIN—So it was blatantly and overtly a revenue measure.

Mr Tilley—I do not think that is how I would describe it. I am trying to recollect or describe what the issue was. There were a large number of measures, including revenue measures, in the budget. One of the criteria was applying those revenue measures to those who were perceived to be in a better position to be able to afford it.

Senator MINCHIN—My point is, with respect to the increase in the tax on ready-to-drink beverages, that was not professed to be a revenue measure. It was professed to be part of the government's strategy for combating binge drinking. I am trying to ascertain whether or not this decision was simply a revenue decision or whether it had some wider social purpose a la ready-to-drink beverages.

Mr Tilley—All I can really do is look at Budget Paper No. 2 to see whether it provides any other reference. There has always been a higher rate of tax—not always but for some time—on cars above a certain threshold, and this is making an increase in that rate.

Senator MINCHIN—So it was a revenue measure. Did you advise the Prime Minister on the industry implications of this extraordinary increase in the tax on vehicles above a certain price?

Mr Tilley—I cannot recall the exact details. I advised on this measure as on other measures in the budget. I am reasonably confident that we would have addressed those issues in that briefing.

Senator MINCHIN—On the industry implications?

Mr Tilley—Yes.

Senator MINCHIN—Would you have drawn to the Prime Minister's attention that the government has already established a review into the automobile industry, headed by former Labor Premier, Stephen Bracks?

Mr Tilley—We advised on the policy and in general would have picked up the relevant policy issues, including the ones you previously mentioned. I am not sure I can go much further than that without getting into the details of what we put in the advice to the Prime Minister.

Senator MINCHIN—Are you actively involved in the Bracks review?

Mr Tilley—I am not actively involved in the Bracks review. I can check the nature and extent of the association we have had as PM&C with that review.

Senator MINCHIN—You are currently not aware of what, if any, involvement you have had in that review?

Mr Tilley—I am not aware of any particular involvement, no.

Senator MINCHIN—This is a major review into Australia's biggest manufacturing industry. I would have thought that the economic and industry unit within PM&C would have a very active participation in that. Is there not a coordinating committee that is involved in this, an interdepartmental committee?

Mr Tilley—I can check details, unless Dr Dickson knows more.

Dr Dickson—As you know, the Department of Innovation, Industry, Science and Research has the portfolio responsibility for the reviews. We are not involved in the conduct of any of the reviews, including the auto reviews. We have provided advice on management arrangements for reviews, but as yet we have not provided any advice, of course, because the reviews are underway.

Senator MINCHIN—So this is a major review of Australia's biggest manufacturing industry, yours is the economic and industry unit of the most important department, and you appear to have no involvement in this review at all.

Dr Dickson—We are not involved in the conduct of the review. We will be involved with the relevant department on the advice on the government's response to the review. But once the review is set up it runs its course. We would be kept informed of issues as they arise in the review. Then, when it comes time to develop the government's response and position, we would be working with the Department of Innovation, Industry, Science and Research and

other departments—Treasury and Finance, of course—in developing advice on the government's position to the review.

Senator MINCHIN—So, based on that evidence, you would be well aware that the Bracks review is examining this luxury car tax in some detail and, as I understand it, is examining whether in fact this tax ought to be reduced.

Dr Dickson—No—actually, I am not aware of that. But it is an all-encompassing review and it would include all issues that are relevant.

Senator MINCHIN—Are you not concerned that such a dramatic intervention by the government into the taxation of the Australian automobile industry completely cuts across a review which this government has established to examine the future of the Australian automobile industry? If you cannot answer that, perhaps the minister can.

Dr Dickson—I cannot answer that.

Senator MINCHIN—Minister, you are representing the Prime Minister here. I am wondering whether you have some concern on behalf of your minister and department that the government in this budget has made quite a dramatic and significant intervention into the structure of the Australian car industry by this tax increase, thus completely cutting across and in many ways pre-empting a significant component of a review that the government itself has established under former Labor Premier Steve Bracks into the Australian car industry. If not, why not? If so, what was brought to bear within cabinet discussions with respect to this rather extraordinary pre-empting of one of the hundreds of reviews that your government has set up?

Senator Faulkner—I describe that question as a nice try. I do not think you are going to be surprised that I am going to respond to you as I have heard you respond so often—and, in my view, rightly—on this side of the table when I have asked you to share with me the nature and content of cabinet discussions and you have courteously declined to do so. I have to say to you that I adopt a similar approach, which is unsurprising in these circumstances. Those discussions with colleagues, as you know, are confidential and will remain confidential.

Senator MINCHIN—I am asking: what is the government's position on this question? Are you, in evidence to this committee, saying that the quite significant taxation decision made with respect to our car industry does or does not cut right across the work of the Bracks review into the car industry which you have established? What is the government's position on that question?

Senator Faulkner—In relation to the budget measure itself, it is certainly one of the measures in the budget that is intended to improve fairness and integrity in the tax and transfer systems. I know you may personally have a different view about that, but that is certainly the view of the government. I personally have had no interface with the Bracks review, which I do not think is going to come as a surprise to you. In relation to any departmental involvement in the Bracks review, I am, as you are, dependent on the evidence that officials have provided in that regard. I do not have any direct or, for that matter, indirect area of ministerial responsibility that interfaces with the review in any way, which I am sure you appreciate.

Senator MINCHIN—So you are not concerned whatsoever with this decision—

CHAIR—Sorry to interrupt you, Senator, but we have certainly gone past our scheduled break. Can we adjourn now until 11.10 am? We will continue with output 1 when we return.

Proceedings suspended from 10.51 am to 11.08 am

CHAIR—Welcome back. Mr Mrdak, I understand you have some additional information or corrections.

Mr Mrdak—I would like to correct a piece of evidence we gave last night in response to a question from Senator Ronaldson. Dr Dickson gave an answer in relation to recruitment for the COAG Reform Council. I would like to correct a point in the evidence that she gave. She advised that Mr McClintock would be chairing the recruitment panels for senior executives on the COAG Reform Council; in fact, the recruitment panel for that process will be chaired by the Secretary of the Department of the Prime Minister and Cabinet, and Mr McClintock will be consulted and have discussions on the candidate. That is a fully open public process.

Last night Senator Ronaldson also asked us a question in relation to the breakdown of capital for the COAG Reform Council of \$173,000 as published in the additional estimates document. Our advice is that that comprises \$30,000 in IT desktops and printers, \$67,000 in IT network and website development and \$76,000 for the fit-out of the office space for the COAG Reform Council for the \$173,000, and in the forward years there are small capital items of \$28,000 in 2008-09 and \$25,000 in 2009-10 for IT network costs. Finally, Mr Tilley would like to give a bit more clarity around our answer to Senator Minchin from last night on the efficiency dividend.

Mr Tilley—In response to your question about the application of the two per cent efficiency dividend, it is pretty much as I said last night. The two per cent efficiency dividend applied to basically the same base as the 1¼ per cent efficiency dividend. I understand there are some minor differences around the edges, but you would probably be better to pursue those with Finance. It is overwhelmingly the same base and there was no process for applying for exemptions from that efficiency dividend.

Senator MINCHIN—Thanks.

CHAIR—Thank you very much for that additional information. Is there anything further for output group 1?

Senator MINCHIN—No.

[11.10 am]

CHAIR—We will move to output group 2, Social policy, and outcome 2.1, Social policy.

Senator Faulkner—Can I just be clear, through you, Chair: we can let officials from output group 1 go?

CHAIR—Yes, and thank them.

Senator Faulkner—I thank the committee and I thank the officials.

Senator RONALDSON—If I may, the questions I had in relation to 2.1, 2.2 and 2.3 were answered last night by the deputy secretary and others in relation to staffing movements. I have nothing in relation to output 2.

CHAIR—Senator Siewert is on her way as well.

Senator FORSHAW—I have one question.

Senator MINCHIN—I will defer to him.

Senator FORSHAW—Would you just explain to me the role of the Office of Work and Family established within the department? When was it established? What is its role?

Ms Wilson—I did give some evidence on this last night—

Senator FORSHAW—I am sorry.

Ms Wilson—That is okay. I will just go back to that part.

Senator FORSHAW—I must have not heard it amongst the constant interjections from other senators.

Senator Ronaldson interjecting—

Senator FORSHAW—See what I mean?

Senator RONALDSON—I don't think you were here.

Senator FORSHAW—I was here last night.

Senator Faulkner—But you must admit, Senator Ronaldson, you enjoy doing it again.

Senator FORSHAW—Yes.

Senator Ronaldson interjecting—

Senator FORSHAW—In fact, I missed the Sharks and Bulldogs game—

CHAIR—Thank you, Ms Wilson. There is a question before the chair.

Senator FORSHAW—but the result was not good anyway.

Ms Wilson—The Office of Work and Family was established on 13 December 2007. It has an overall role to ensure that the formulation of policies affecting work and family life are considered in a coordinated way and to conduct reviews of specific areas of policy. It is also responsible for managing the department's relationship with the Australian Institute of Family Studies, which joined the portfolio after the election last year when the admin arrangements orders were established. In addition, the Office of Work and Family has a couple of specific outputs that it is responsible for. One is the *State of the family* report. The other is assisting with the development of and providing guidance on the development of family impact statements for cabinet submissions.

Senator FORSHAW—Thank you very much.

Senator MINCHIN—Thank you, Chair. Can I just ask a couple of questions on the National Policy Commission on Indigenous Housing?

Ms Wilson—Certainly.

Senator MINCHIN—The position is that the Prime Minister, as I understand it, has now announced the membership of that commission. Is that correct?

Ms Wilson—Yes, that is correct.

Senator MINCHIN—Are these paid positions? Are they part-time workers? What sort of workload is involved? What remuneration is involved?

Ms Wilson—The workload is associated with the proposition that the commission would meet quarterly, so they are part-time positions.

Senator MINCHIN—So, what, it will meet for a day on four occasions in the year—four days work in a year?

Ms Wilson—The Prime Minister's announcement said that the commission would meet at least four times a year, so that is, I guess, a minimum standard for meeting.

Senator MINCHIN—What do they pay them?

Mr Hoffman—Details regarding remuneration have not yet been decided.

Senator MINCHIN—Can I get an undertaking that they will be made available to this committee as soon as those decisions have been made?

Ms Wilson—Certainly.

Senator MINCHIN—'Commission' is a very grand-sounding title. Should I read anything into that? Is this simply a committee or does it have some sort of status that exceeds that of a normal committee? Why is the grand title 'commission' used? Does it imply something that we ought to know about?

Ms Wilson—I do not believe it implies anything in particular. My understanding is that it will be an advisory committee.

Senator MINCHIN—Who, formally, is it advising?

Ms Wilson—It will be advising the Prime Minister and the minister for Indigenous affairs, Ms Macklin.

Senator MINCHIN—It is a little difficult to work out how wide this brief is. Is it just housing? Is it just about how to improve housing available to Indigenous Australians? Is that the brief?

Mr Hoffman—The commission's full name is the National Policy Commission on Indigenous Housing, and its remit is to provide advice on Indigenous housing in remote areas.

Senator MINCHIN—How will it develop that advice? Is it relying entirely on departmental resources? Who is actually servicing this commission? What sources of input does it have for it to formulate this advice?

Mr Hoffman—There will be a secretariat made up of officers from the Department of the Prime Minister and Cabinet and the Department of Families, Housing, Community Services and Indigenous Affairs.

Senator MINCHIN—Will that secretariat be based in PM&C but seconding officers from the other department?

Ms Wilson—We have not yet settled the exact form that that secretariat will take. We are considering what the options are for it at this stage.

Senator MINCHIN—In relation to the membership, I understand from publicity that, at some level of the government, a decision was made that former members of parliament would not be eligible to be members of this commission. Is that correct?

Mr Hoffman—I can say that none of the members of the commission are former members of parliament.

Senator MINCHIN—I am aware of that fact, but is that coincidence or inadvertence, or was a decision made by someone that ex-members of parliament were not eligible to be members of the commission?

Ms Wilson—The Prime Minister's letter to Dr Nelson of 22 May, which is in the public arena, reflects his view that the commission should be above day-to-day political interests and that the only politicians on it should be the Prime Minister and the Leader of the Opposition. That is in the public arena. That view was reflected in that letter.

Senator MINCHIN—I have not got that letter in front of me, but your reference to it referred to 'politicians'. Did the letter refer to former members of parliament?

Ms Wilson—No, it does not. The third paragraph reads:

Notwithstanding the fact that the Government has accepted a number of your nominations, I have reluctantly come to the conclusion that there is little chance of us reaching complete agreement in the near term on membership of the Commission and its working group ...

Senator MINCHIN—I am just trying to determine whether the nomination of Mr Mal Brough, the former minister and former member for Longman, was rejected by the government on the grounds of him being an ex-member of parliament or on the grounds that he was not a suitable appointee to the commission for other reasons. In other words, was a decision made that no ex-member of parliament would be eligible, thereby excluding Mr Brough by definition, or was it more the case that Mr Brough was excluded for other reasons?

Ms Wilson—I am not going to answer that question. I do not know the answer to that.

Senator MINCHIN—So you do not know whether a decision was made that no former members of parliament should be on the commission. If you do not, can you get me an answer to that question?

Ms Wilson—I can take that on notice.

Senator MINCHIN—I am curious as to why the nomination of Mr Warren Mundine, the ex-National-President of the Australian Labor Party, was accepted but the nomination of Mr Mal Brough, the former minister, was not accepted. I wonder what criteria exactly were applied. If there was a criterion that former members of parliament were not to be eligible, why did that not include former presidents of Australian political parties? Or was a distinction distinctly drawn between former members of parliament and former national presidents of Australian political parties—that one would be acceptable and one not?

Ms Wilson—I will also have to take that question on notice.

Senator MINCHIN—That is all I have on that, thanks, Chair.

Senator SIEWERT—My questions go to the issues around social inclusion. They concern the Social Inclusion Board. I want to start with the framework. I am aware that the

government has promised to develop a social inclusion framework. What progress has been made on that, and what is the time line for it to come into effect?

Ms Wilson—I will ask my colleague Ms Patterson to answer those questions.

Ms Patterson—The government has recently announced our early priorities in terms of its social inclusion agenda, and they are jobless families, children at highest risk of disadvantage, the mental health and disability employment strategy, homelessness and locational disadvantage. It sees those as the five key early areas for social inclusion action. And, of course, it notes the importance of closing the gap on Indigenous disadvantage as a key part of the agenda.

Senator SIEWERT—I understand that, and thank you for that, but, as I understand it, that is going to be done within a framework. What I am wondering is: what is the time line for the preparation of that framework—so that we do not end up with a series of ad hoc decisions and policies? When is the framework being developed? Have you got a time line for developing it, or is that being done somewhere down the track?

Ms Patterson—We are actually working on developing a framework at the moment. The Australian Social Inclusion Board have a key role in advising government on aspects of the social inclusion agenda. They met for the first time last Wednesday and provided some early advice to government on what they also considered to be key issues for the social inclusion agenda, and agreed that those issues that the government had sought early action on were issues that were for early action. With that board, and then in iterative process with government, we intend to develop a social inclusion framework. The time line that we are looking at, at the moment, is around 18 months to develop a longer term agenda, but, in the meantime, we will be making progress on the priorities that government has asked us to make progress on.

Senator SIEWERT—Are you able to tell us what the key issues are that the board developed? You said that they agreed with the ones the government has already prioritised. Did they have additional ones?

Ms Patterson—Not at this first meeting. The meeting took place for a day. There was the usual start: the Prime Minister and the Deputy Prime Minister addressed that meeting and talked about their priorities for this agenda. There was then discussion around the priorities that government had set, which included the examination of some of the evidence around those issues and a discussion around that. And then there were some next steps set in place: to think about the other things and come back to the next meeting on that. I note that the board itself is meant to consult widely. So it was mindful that some of the issues that might be taken into account in a social inclusion agenda would come out of consultations that it would want to be having more broadly with the community and will, in the near future, establish some consultation timetables to assist with that.

Senator SIEWERT—I want to ask some more questions about the framework but, since we are on the board, I will ask a couple of questions around the board. I have had trouble finding the precise terms of reference for the board. Could you provide those?

Ms Patterson—Sure. I could read them onto the record now. They are quite short.

Senator SIEWERT—I must say I had trouble finding them on any of the ministers' or parliamentary secretaries' websites. I can find plenty of media releases but not a lot of detail, and I can find who is on the board.

Ms Patterson—I can provide them to you. For some reason, I am just having trouble looking through my notes.

Senator SIEWERT—I am glad it is not just me.

Ms Wilson—We will undertake to provide them during the course of the session, if we can.

Senator SIEWERT—If you could, that would be appreciated. In the meantime I have got some questions around them, which may cover off some of the terms of reference. What role—and you touched on it earlier—do the board have in terms of consultation with stakeholders? Are they facilitating the consultation with stakeholders; are they drafting up the consultation process; are they designed to replace some of the stakeholders? We are talking about social inclusion. I have got some concerns: if the board are acting as a body that is providing the advice, what role have the broader community and the wider stakeholders got providing advice to government around social inclusion?

Ms Wilson—The joint media release that the Deputy Prime Minister and the Prime Minister put out on 21 May undertook that the board would consult widely and provide views and advice for government. In doing that, it would be asked to focus on the most disadvantaged geographic areas and communities in the nation. So the board is going to come back with a proposal about how it will undertake that consulting.

Senator SIEWERT—The government has asked the board to draft a consultation strategy—would that be a fair understanding?

Ms Patterson—Part of their terms of reference is to consult widely, so there has not been a particular reference to say, 'We want you to draft a consultation strategy,' but part of their role is to consult widely on social inclusion issues and issues that are affecting the most disadvantaged Australians. As I understand it, the way they will make their next steps is that, having settled upon what they believe are some of the early priorities but wanting to open themselves up to understanding more about what issues might be facing Australians with disadvantage, they will also have some consultations. But they have not yet established what that timetable would be or the form it would take. There were some early discussions. The board will meet again in two months time and that will be their second meeting and where some of these issues will be made more concrete.

Perhaps in answer to the first part of your question around how this plays out for other stakeholders: the government has noted that the Social Inclusion Board is a key source of advice to government but it is not the only source of advice to government. So it is not playing a kind of funnel role in terms of advice coming to or from government on these things; however, it is an important source of advice.

Senator SIEWERT—In fact, that leads into my next question: what relationship does it have to existing peak bodies such as ACOSS and the COSSs, none of whom I notice are actually on the board. I am wondering how that interaction is going to play out because some

of the key community service and community representative organisations are not included on the board.

Ms Patterson—That will be a matter for the board to decide how they will organise themselves in terms of the relationship with those peak bodies.

Senator SIEWERT—With all due respect, I also think it is a matter for government. Surely, it is not up to the board to decide how government will be consulting with peak organisations. So I appreciate what you are saying—they will be included in that strategy—but I am wondering why the COSSs, if it wasn't ACOSS, or why a representative of the COSSs, who are the peak community service organisations in this country, were not included on the board.

Ms Patterson—The government noted that the board was not a representative body and it chose people for various other reasons.

Senator SIEWERT—What were those reasons then? I appreciate the move away from representativeness. Again, I would say that the COSSs in this country have some of the best expertise on social justice and social inclusion in the country. So I am wondering what the thinking was behind not including them, and how will government ensure that that group of people is significantly included in the process of designing the social inclusion framework?

Ms Wilson—You would be aware that the government already has an established relationship with ACOSS, because it provides secretariat support funding through the Department of Families, Housing, Community Services and Indigenous Affairs to ACOSS and regularly receives budget submissions and the like. ACOSS and other similar peaks are generally included in specifically focused or targeted consultations or interactions on particular issues. I think it would be fair to see the Social Inclusion Board as providing an additional source of advice to government and bringing together a wide range of expertise across Australian community and business life in providing advice to the government on issues relevant to social inclusion.

Senator SIEWERT—I think the same could be said for a number of the people on the board. Their organisations are actually funded by government. The Brotherhood of St Laurence is not for one second dishing any of those groups or anybody that is on the board. But the point is: a number of the organisations that they are from also receive a significant amount of government funding. So, I am sorry, but I do not quite wear the argument that just because there was funding—

Ms Wilson—I was talking about secretariat funding. ACOSS receives, as a peak body, as a number of peak bodies do, secretariat funding to perform that role as a peak in engaging with government.

Senator SIEWERT—So any organisation that now receives secretariat funding will not be included in any government board. Is that the point?

Ms Wilson—I did not say that. I explained that ACOSS already has an established relationship with government and this was about seeking a broader range of advice on these matters for government.

Senator SIEWERT—I can see that I am not going to get much further, and I appreciate that you are departmental people; you are not the government. Could I just go back to the issues around the framework and the timing of when it is going to be. As I understand, from what you have just said, the framework is going to be 18 months in the drafting before it is released—or are you going to draft a framework and then put it out for public consultation?

Ms Patterson—I did not say anything about a framework going out for public consultation—

Senator SIEWERT—No, that is what I am asking.

Ms Patterson—in 18 months time. What would be true to say is that in the next 18 months, while we are making progress on the early priorities that the government set, we would be developing—and that would come through consultation both through the board and through a range of many other mechanisms—a draft framework for the government to consider. We would be doing, as a department and as part of the secretariat, the development work on what might go into a longer term plan for addressing social inclusion as the Australian government. How that went from there, of course, would be a matter for the government to consider.

Senator SIEWERT—Sorry, I am not trying to be difficult. I am just trying to clarify. The outcome that you are seeking in 18 months is to have a plan—a framework—that the department will work with the board on to develop. Is that right?

Ms Patterson—I am sorry also. It is just that we are at the very early stages of developing the social inclusion agenda. As we learn from overseas experience and from what we need to do as the Australian government—as well as working with state and territory governments and other stakeholders on how to take this forward—we are developing our thinking on what you might put forward in that way. At the moment, the plan would be that we continue to work up a strategy—it is probably best to call it that rather than a framework or those kinds of things—that provides a basis for medium- and longer term action and have something ready in that terrain within about 18 months. That then needs to go through the kind of government consultation phases that will be ready then. The overseas experience is—and this came from the South Australian Social Inclusion Unit—that it is about that amount of time that you need to fully get to the bottom of some of the issues and to work out the kind of cross-government arrangements for it and how to develop it up in the best way.

Senator SIEWERT—In the meantime, as I understand it, those key areas that have been prioritised, which we went through at the beginning, will have separate actions taken specifically around them.

Ms Patterson—Yes. That is the expectation.

Senator SIEWERT—While the overarching framework is being developed.

Ms Wilson—That is our expectation. I guess you could frame them as being the government's early priorities. There were a number of election commitments also that were quite relevant to social inclusion across homelessness, early childhood and so forth. There are five early priorities that the government has identified, which Ms Patterson reflected, and then there is developmental work now starting to take place on a longer term plan. In addition, in

the COAG reform strategy, COAG identified social inclusion as one of the goals or one of the policy parameters for the reforms to take place through COAG across the course of this year.

Senator SIEWERT—You mentioned overseas models. Are you looking extensively at the social inclusion model that was used in the UK? Is that being used as the underlying sort of—

Ms Patterson—In our early research into this, yes, we have looked at the UK models, and we are also looking around at the experience in the EU on how they manage social inclusion there and, using different terminology, what has been happening in Canada. It is early days, so I would not want to be put to a test of what worked where and all the rest of it, but we do intend to be able to provide that kind of analysis into the near future. The words ‘social inclusion’ have now taken on a particular meaning here, and they will be defined within an Australian context. But we will not confine ourselves to looking for evidence in just that set of words. There are programs that we might look at in the US and other countries that serve a similar purpose under a different set of language, so we would be looking to pull in the best from everywhere.

Ms Wilson—The ‘social inclusion’ branding has particular country specificity, but clearly concerns about the most disadvantaged citizens in a country are more widespread than that, so there is a need to draw on evidence both in the Australian context and more broadly in the international.

Senator SIEWERT—That takes me on to the issue that I also want to ask about—that is, how is this agenda then picking up the issues around the NT intervention, the prescribed communities and those communities that have been identified as the most disadvantaged communities in Australia? How are you interacting with that agenda?

Ms Wilson—It would probably be fair to say that the whole Closing the Gap agenda and the Indigenous affairs priorities of government are both a related and a separate stream of work in their own right, but noting that Indigenous communities and remote Indigenous communities would fall into the definitions and the measures of some of the most disadvantaged communities in Australia across a range of indices.

Senator SIEWERT—It seems to me—and obviously it is my opinion—that there are elements of the intervention that in fact contradict the issues around social inclusion, and that is disempowering people et cetera. Are you going to be looking at the elements of that that may in fact contradict what people would define social inclusion as?

Ms Wilson—I think you are asking us about policy advice that we might be giving in the future, and I do not believe that that is an appropriate question.

Senator SIEWERT—I did not mean to imply that. What I asked was: will you be looking at it? That is different to asking about policy advice. It seems to me that you are running an agenda here and another agenda there, and, unless you are actually looking at how they cross over, we will be working the same silo technique, the same silo process, that is one of the issues that we are dealing with.

Ms Wilson—I think one way of explaining it would be to say that understanding what works in disadvantaged communities is very important, and therefore processes like the 12-month review that the government had committed itself to on the Northern Territory

intervention would be used—to the extent that it is able to after a 12-month period—to inform social policy more broadly, including the social inclusion agenda.

Senator SIEWERT—Thank you for that. Could I just ask about the compact—and I do not know if you are dealing with the issue around the compact—that has been talked about with NGOs?

Senator MINCHIN—Is this still on social inclusion?

Senator SIEWERT—It is still on social inclusion, yes. It is part of it. The government has made some fairly strong commitments about renewing its relationship or improving its relationship with NGOs and the talk around the development of a compact—although the compact is the UK model, there are different models around the world. Is that being included in the work that you are doing? In other words, I see it as the strengthening of civil society, which is also a part of social inclusion, and the government has made commitments around it.

Ms Patterson—At the ACOSS conference, the parliamentary secretary—

Senator SIEWERT—I was there; I heard, yes. I am wondering how that is being progressed. That is why I am aware that the government is talking about doing work on that area.

Ms Patterson—Thank you. The Social Inclusion Unit will assist in the first instance to develop what might be part of a compact—just to do the early thinking and work on that.

Ms Wilson—So policy responsibility would lie within the Social Inclusion Unit for supporting Senator Stephens in that work.

Senator SIEWERT—What progress is being made? Have you got a time line for how you are going to be progressing that?

Ms Patterson—We are working towards assisting the development of that, with consultations to begin in July.

Senator SIEWERT—Do you have a time line for how that consultation process is to roll out? Sorry, I will take a step back. Who is actually responsible for progressing that? Is there a body like the Social Inclusion Board? Would they also be included in that consultation process or are they engaged in the discussions around that?

Ms Patterson—Senator Stephens is responsible for the compact process. She did apprise the board of the compact issues and process when they met last week, but she does have responsibility for progressing that matter for government.

Senator SIEWERT—But I understand your department is supporting her role there?

Ms Wilson—I guess the relationship with the voluntary sector is something that extends across a range of departments, so PM&C in its policy coordination role through the Social Inclusion Unit will be working with other departments to support Senator Stephens in this work.

Senator SIEWERT—Who is taking the lead on it?

Ms Wilson—PM&C will be chairing an interagency group to support the senator.

Senator SIEWERT—So, if the consultation process is starting in July, do you have an outline of the process that will be undertaken for consultation?

Ms Patterson—We do not yet have a final outline on those matters.

Senator SIEWERT—So that is in development—

Ms Patterson—Yes.

Senator SIEWERT—until July? In the same way that you are looking at the different models for social inclusion that are running around the world, are you also looking at the different models that have been developed? I am aware of some key areas like Canada and the UK, which are the standard ones that people roll out. Are you looking at those models and other models for best practice?

Ms Patterson—We have had an initial look at most of the overseas models that I could find in that way, and also some of the state and territory ones in different respects. Our next step now is to pull the elements out of that and have the discussion as part of the IDC about what the elements that would suit the context here might be and take that forward as part of the consultations.

Senator SIEWERT—Will you be issuing a discussion paper to start discussions in the consultation process?

Ms Patterson—There has not been a set plan yet for how the consultations would be supported, whether that is through a discussion paper or some other kind of mechanism.

Senator SIEWERT—On the gag clause: as I understand it, Minister Gillard has written to all NGOs to say, ‘You can ignore this clause.’ I have spoken to a number of NGOs that have had their letter, but I have also spoken to some that have not. Did it apply also to legal aid centres?

Ms Wilson—I will have to take that on notice. I am sorry; I do not have that information with me. I understand that both the Deputy Prime Minister and Minister Macklin have been looking at the arrangements with respect to the organisations that their departments have relationships with, but I am not sure how broadly that work extended, so I will take it on notice for you.

Senator SIEWERT—If you could, that would be appreciated, because there have been announcements—very strongly welcomed by the NGO community, I might add—about that clause having been removed. But I was in fact talking to some last week who have not had the letter. That would be appreciated. Thank you.

Senator MURRAY—I wonder if you could describe to me how the new Parliamentary Secretary for Social Inclusion and the Voluntary Sector interacts with the social policy unit, specifically the social inclusion area. How does that work?

Ms Patterson—We meet quite regularly with the senator to canvass the issues that are on the agenda at the moment and to understand what support she might need in taking matters forward on behalf of government. More structurally, we provide advice to both the Prime Minister and the Deputy Prime Minister. Senator Stephens is within the Deputy Prime Minister’s portfolio and there is a functional relationship between the Deputy Prime Minister

and her office, and Senator Stephens' office, which closes the loops on the information flows there as well.

Senator MURRAY—But your line responsibility is the Prime Minister, isn't it?

Ms Patterson—We have a line responsibility that has been agreed to be with the Prime Minister and the Deputy Prime Minister on matters of social inclusion.

Senator MURRAY—Let's assume the parliamentary secretary has a particular project or venture that she wants to get going in this area because she has responsibility for it. Who does she have to get approval from to get you instructed to provide her with advice? Can she go directly to you, or does she have to go via the Deputy Prime Minister or via the Prime Minister? How does she get serviced for her responsibilities?

Ms Wilson—We have a working arrangement whereby she can come directly to the social inclusion unit in the Department of the Prime Minister and Cabinet for those things that are relevant to her responsibilities in that area. Then, if PM&C is not the right place to fully service that request, we would liaise with other agencies where they had a role.

Senator MURRAY—To my mind, this responsibility has very broad prospects and would cover many portfolios. Obviously Minister Macklin would come into play at times, as would the Deputy Prime Minister and the Prime Minister by virtue of the structure and perhaps other ministers. My concern is that, if this is an important new area of government ambition and energy, the person with the prime responsibility at the political level for activating it is properly serviced and does not have a set of barriers to advancing the cause.

Ms Wilson—That is why the decision was taken by the government and announced in the pre-election period that the social inclusion unit would be located in the Department of the Prime Minister and Cabinet and that the Deputy Prime Minister is the Minister for Social Inclusion. In addition, it was announced early on after the government took office that there would be a social inclusion committee of cabinet. That has now been established and it brings together a range of ministers with interests in these matters.

Senator MURRAY—When you were outlining the topics that social inclusion focuses on, I had the impression that they have very little to do with the Deputy Prime Minister. She might be interested in them personally, but I am talking about her actual designated responsibilities. Is that an issue at all? Have I got the wrong impression?

Ms Wilson—Sorry; I do not understand the question.

Senator MURRAY—You outlined areas which social inclusion covers. Frankly, I do not see that that has very much to do with workplace relations or education, with the exception of perhaps early childhood intervention. Closing the gap may have some educational areas of concern, but a large part of closing the gap is also health related. It just seemed an unusual fit to me; that is all.

Ms Wilson—I guess a way of explaining it is that it is a whole-of-government agenda. The Deputy Prime Minister, as the Minister for Social Inclusion, will be driving it across government, but individual ministers with particular portfolio responsibilities that are relevant to the agenda will have the responsibility for initiatives in their portfolios. It is a bit like Indigenous affairs, to the extent that all ministers have a responsibility around Indigenous

affairs but there is also a minister for Indigenous affairs, so it is giving it a whole-of-government priority but recognising that the levers range across many portfolios and many ministries.

Senator MURRAY—In process terms, I assume that the parliamentary secretary has direct and easy access to Minister Macklin's office or Minister Roxon's office as required, with respect to areas of social inclusion that cover their portfolios.

Ms Wilson—Yes, Minister—I mean Senator. I beg your pardon.

Senator MURRAY—I am not going to become a minister.

Senator MINCHIN—More's the pity.

Senator MURRAY—I am lucky to have become a senator. Thank you for those answers.

Senator Faulkner—We are all lucky.

Senator MURRAY—Too right.

Ms Wilson—Chair, we have the terms of reference for the Australian Social Inclusion Board, which Ms Patterson could read into the record if that would be appropriate now.

Senator SIEWERT—Do you want to just table it?

Ms Wilson—We will just table it.

Senator Faulkner—Chair, if it would assist the committee, I am happy to table the letter of 22 May 2008 from the Prime Minister to Dr Nelson, the Leader of the Opposition, regarding the joint policy commission.

Senator MINCHIN—Thank you.

Senator Faulkner—And, in answer to a question that I think Senator Fierravanti-Wells asked earlier in the day, I can inform the committee that there was no contact with Mr Tang during the Prime Minister's recent visit to China.

Senator FIERRAVANTI-WELLS—My question was broader. I think it would be appropriate if you went back and looked at the transcript. I said 'with Mr Tang or any other associates of the parent company of that organisation', of the Beijing company that I mentioned. My understanding is that they are a company here in Australia with a parent company in China. I am very interested in the parent company in China and associates. That is why it was broad.

Senator Faulkner—What I have sought information on is in relation to Mr Tang—

Senator FIERRAVANTI-WELLS—I appreciate in the first instance—

Senator Faulkner—I understand that you are now asking, or previously asked, a broader question. I will see what advice I can provide to you at this late stage.

Senator Ronaldson interjecting—

Senator FIERRAVANTI-WELLS—And including staff. My issue really goes to contact that the Prime Minister, his staff or people travelling with him had with this company, its parent company or associates of that company in China during the visit. That is really the ambit of the question.

Senator Faulkner—I appreciate the question that you are now asking, which, as you understand, I will also take on notice. I want to ask you to appreciate that my answer went to—

Senator FIERRAVANTI-WELLS—Mr Tang, I appreciate that.

Senator Faulkner—Mr Tang in relation to the Prime Minister and his staff. There was no contact with Mr Tang.

Senator MINCHIN—I have a couple of questions on this Social Inclusion Board. I understand your approach to the formation of this board was to advertise for expressions of interest from the general community, for people to put their names forward. As I am advised, nominations closed on 8 February. Is that information correct?

Ms Patterson—It was advertised on 26 January. I think it did close on 8 February. I do not have that information with me, but I am sure that is right. I will correct it if not.

Senator MINCHIN—Could you tell me how many applications were received?

Ms Patterson—We received approximately 280 applications.

Senator MINCHIN—You specifically reserved the right to appoint individuals to join the board. Of the 14 members of the board that were announced on 21 May, how many of those were derived from the 280 who applied and how many were separately appointed?

Ms Patterson—I might just clarify: it was the government who reserved the right to appoint people separately.

Senator MINCHIN—Sorry: I meant the government.

Ms Patterson—Just to make that separate: six of the 14 members of the board applied through the expression of interest process.

Senator MINCHIN—So the majority of the board were in fact appointed separately from the whole application process?

Ms Patterson—Technically, they were all appointed the same, but some were selected from different processes—through different means.

Senator MINCHIN—So only six of the 280 who applied were appointed to the board and another eight were appointed. The majority of the board were appointed, and they were people who had not applied.

Ms Patterson—Yes.

Senator MINCHIN—The other odd thing about all this is that in the advertisement for positions on the board it was stated the board would be appointed before March 2008. The first the public knew of the board was from the media release from the Prime Minister and the Deputy Prime Minister of 21 May. Can you tell me exactly when the board was appointed and by what process?

Ms Patterson—They were appointed by the Prime Minister and most—

Senator MINCHIN—Sorry; just on that, they did not go through cabinet.

Ms Patterson—No, it did not go through cabinet.

Senator MINCHIN—So it does not involve the Governor-General; this is simply a prime ministerial decision.

Ms Patterson—That is right. The appointment dates varied slightly in terms of advice coming back from the members accepting their nominations but were in the two weeks leading up to the board meeting of 21 May.

Senator MINCHIN—So it was between 7 and 21 May that the appointments were made.

Ms Patterson—They were made in the two weeks leading up to that time.

Senator MINCHIN—Well after the advertised date of ‘before March’.

Ms Patterson—Yes.

Senator MINCHIN—Are you able to explain exactly why there was such a significant delay from the advertised date to the appointment of this board?

Ms Patterson—No.

Senator MINCHIN—Because there is much speculation that matters reside for, as appears in this case, up to months in the Prime Minister’s office. When did your advice go to the Prime Minister’s office as to the appointment of this board?

Ms Wilson—The social inclusion unit briefed the Prime Minister on 22 April 2008, 16 May 2008 and 15 May 2008 about board appointments.

Senator MINCHIN—So your first advice on the board was on 22 April.

Ms Wilson—The first briefing that we provided was on 22 April—that is correct.

Senator MINCHIN—The announcement is 21 May. That is all.

Senator Faulkner—That puts a little bit of a different emphasis on—I have said this to you before, Senator Minchin—

Senator MINCHIN—I think you have got a problem down there. We will not pursue it now but I think you have got a real problem, and we all know about it.

Senator Faulkner—you should not jump to these conclusions until you hear the evidence. You know that.

CHAIR—We appreciate the contribution of officials from group 2 to the estimates process.
[11.59 am]

CHAIR—We will now move to output group 3, international and national security policy.

Senator RONALDSON—Minister, are all ministerial staff required to have a top-secret security clearance as part of the government’s overall national security policy?

Senator Faulkner—The ministerial staff are required to have security clearance, as has been the case in government now for a considerable period of time.

Senator RONALDSON—I think there are 334 ministerial staff at the moment—is that correct?

Senator Faulkner—There are 334 ministerial staff. As you would appreciate, it is not necessarily a matter for examination by this particular department. You would be aware that

334 ministerial staff attracts an opposition staffing entitlement of 70 under the longstanding formula.

Senator RONALDSON—I understand that.

Senator Faulkner—I should also mention that the Whip's staff are counted separately to that.

Senator RONALDSON—Yes. Out of those ministerial staff, excluding the Whip's staff, how many have received and are maintaining their top-secret security clearance?

Senator Faulkner—I am very happy for these questions to be asked—

Senator RONALDSON—I am pleased.

Senator Faulkner—but I think they are probably best asked when Ministerial and Parliamentary Services appear before the committee. I may as well indicate to the committee that I have asked MAPS, of the Department of Finance and Deregulation, to prepare updated figures on this for the benefit of the committee because I assumed that questions would be asked. I can give you some figures as of 12 May, which I am happy to share with you, but I have asked Ministerial and Parliamentary Services to provide a very contemporaneous update that I thought might be useful for the committee. It is a matter for you if you want to progress it now, but I can provide more updated information tomorrow when MAPS are examined by the committee.

Senator RONALDSON—This is under the national security area. Will MAPS have this information?

Senator Faulkner—I can give you the information I have in front of me, which is as of 13 May. It may assist you, but tomorrow I will have substantially updated figures I can give you. However, if you wish, I can give you the information I have available to me.

Senator RONALDSON—And it can be updated tomorrow, if need be.

Senator Faulkner—The information will be updated tomorrow. The information I have is as of 13 May—unless officials have better figures, and they don't. Of 502 ministerial staff positions, 463 staff had been provided with detailed forms to complete to obtain clearances. Of those, 201 packs have been returned. A total of 64 clearances have been granted. But I stress, those figures have changed and if you ask tomorrow I will certainly be able to give you further and better information. I stress, again, I have asked Ministerial and Parliamentary Services to prepare that information.

Senator RONALDSON—What date was that?

Senator Faulkner—The advice I have says 'as of 13 May'. My only concern is that the advice is also dated 12 May, so I am not entirely sure how that works—it is either 12 or 13 May.

Senator RONALDSON—Does the government intend changing the rules in relation to this requirement?

Senator Faulkner—The Attorney-General is undertaking work more broadly in relation to security clearances, and perhaps officials can assist you with that. But, if your question is directed to whether ministerial staff should have security clearances, I can say to you that the

government is committed to maintaining appropriate security clearances for staff who are working in ministers' offices, because there is the critical issue of them having access to on some occasions, and in others dealing directly with, national security classified information. But, more broadly—and I do not think it is appropriate for me to comment on it—I can say to you that the Attorney-General has asked for a review of the security clearance process. I would really have to check with the Attorney where that is up to.

Senator RONALDSON—Is that review following on from complaints about the personal nature of some of the information that has been requested?

Senator Faulkner—I am not sure I have heard of any complaints about personal information being released. I have certainly—

Senator RONALDSON—No, not released—requested.

Senator Faulkner—I have certainly read of concerns that some have about the intrusive nature of these security clearance processes. I have certainly not heard of any situation, and I treat very seriously any suggestion, where any such information had been released. I will just check with officials. Senator, I really cannot provide any further information in relation to the Attorney's processes. I was just checking with officials whether they have any more visibility of this than I have. As they do not, I do not think I can really provide you with any further or better information.

Senator RONALDSON—I would view this as being part of national security policy under output 3.2. Minister, I will take you to a determination made by then Minister Abetz on 30 August 2004, which was, I understand, the most recent ministerial determination on staff security clearances.

Senator Faulkner—Yes, but, Senator, before you start, perhaps I should say respectfully to you that I do know of the determination that was undertaken by my predecessor Senator Abetz in his role as Special Minister of State. I would respectfully suggest to you that questions relating to that really do belong in the MAPS area under the Department of Finance and Deregulation. I want to also indicate to you that I have no problems dealing with these issues, but I think that we should deal with them in the right place. This committee is examining the MAPS estimates under the Department of Finance and Deregulation tomorrow. I am happy to help you if I can now, but I just suggest that you hold most of your questioning until tomorrow, particularly in relation to—

Senator RONALDSON—Surely, with the greatest respect, you are not going to suddenly be able to talk about policy tomorrow any more than you can talk about policy today. Quite frankly, if you asked officials these questions, they would quite rightly say that this is a policy matter and would refer it to you. Now, unless you are going to have a massive briefing session tonight, I would be very surprised if you are not able—

Senator Faulkner—I have no intention of having any briefing session tonight, either massive or miniscule.

Senator RONALDSON—to answer a policy question in relation national security policy.

Senator Faulkner—I am merely saying to you, which I think you would know, that the questions that you are addressing to me are more properly addressed to me in my capacity as

the Special Minister of State, particularly when you are about to talk about the issue that you just raised. I think committee members know that. I will help you where I can, but what I would like to do—and I actually think it is to the benefit of the committee, to the benefit of transparency and to the benefit of getting the best information to the parliament—is to direct these questions at a time when I can ensure that you have updated information and the most contemporary information that is available. I have asked Ministerial and Parliamentary Services to prepare this. I suggest we deal with it tomorrow in MAPS. It is a matter for you if you wish to ask your questions now.

Senator RONALDSON—I am happy to do that if you are happy for PM&C to be available tomorrow as well—

Senator Faulkner—No, but, if—

Senator RONALDSON—because some of those questions are interrelated.

Senator Faulkner—Any PM&C question is fine.

Senator RONALDSON—Hang on; please let me finish. You have just said something to me and I am responding to it. I am happy to do that, but some of these questions involve PM&C. If you are happy for PM&C to be available tomorrow, because some of the questions relate to cabinet and cabinet access, I am more than happy to put it off until tomorrow. It doesn't worry me. I am like you; I am here all week and next week.

Senator Faulkner—Obviously it is more than appropriate for you to ask any question you care to in relation to a PM&C role and to do that now. I am merely pointing out to you what I have said about the role and function of the Department of Finance and Deregulation. Please feel free to ask any question about PM&C.

Senator RONALDSON—I am very grateful for your intervention, but I am the one who actually knows the questions I am going to ask and I have just told you that they are interrelated with PM&C—

Senator Faulkner—Ask away, then.

Senator RONALDSON—If PM&C wants to come back tomorrow, I am more than happy to do that. If they are not then I will ask the questions now.

Senator Faulkner—Well, you ask them now.

CHAIR—Move on to your next question, Senator Ronaldson.

Senator Faulkner—I have tried to be as helpful as I can on this. Feel free to ask any question you care to, Senator.

Senator RONALDSON—That is very, very generous of you. I am very grateful.

Senator Faulkner—I am not trying to be generous; I am trying to be helpful.

Senator RONALDSON—Can you provide the committee—you may need to take this question on notice; I appreciate that—with the number of top-secret security clearances obtained at the following dates: 1 January 2008; 1 February 2008; 1 March 2008; 1 April 2008; 1 May 2008 and today's date, 27 May. Can you also provide the number of cabinet accesses granted to ministerial staff on those dates. With the cabinet accesses, can you also

tell me what numbers were granted to each ministerial office. I am happy for you to take that on notice. I do not want names; I just want the data.

Senator Faulkner—The Department of the Prime Minister and Cabinet cannot assist you with the first part of your question, in relation to security clearances. That is not a matter for this department. In relation to cabinet access, I think it is best to take the question on notice. I indicate to you that, in providing a response to the first part of your question, I am going to treat that as a question on notice to Ministerial and Parliamentary Services.

Senator RONALDSON—I am not uncomfortable with that. You may want to do likewise with this. As it stands on 27 May, does each minister or parliamentary secretary's office have one or more staffers that have a top-secret security clearance and, if not, which officers are awaiting clearances? If you want to take that on notice for tomorrow, that is fine.

Senator Faulkner—I will certainly take it on notice. Given that you are asking these questions now, no doubt someone might well bring to the attention of Ministerial and Parliamentary Services officials the nature of your question and we might be able to provide some answers to these questions tomorrow, as I have indicated.

Senator RONALDSON—Thank you.

Senator FORSHAW—Can I just add a couple of questions that you might take along with that and deal with tomorrow. Has the Leader of the Opposition received briefings containing classified information? You might be able to give me an answer now, I suppose.

Senator Faulkner—Of classified information? That has been a longstanding practice.

Senator FORSHAW—And have shadow ministers too?

Senator Faulkner—I think certain shadow ministers do. I will give you an example. When I was for some time the shadow minister for home affairs—that was part of my shadow ministerial responsibilities—I certainly received briefings from then agency heads, which obviously had been agreed to by ministers in the previous government. Those briefings contained material which I think was appropriately described as highly classified information. So, depending on the responsibilities and on the nature of the issues discussed, I think it is fair to say that it is not only the Leader of the Opposition who has particular responsibility in relation to reports that are received. As you would be aware, there are legislative provisions in this regard, which Mr Lewis or others can perhaps go to in some more detail. But on certain occasions there is no doubt that shadow ministers receive classified briefings.

Senator FORSHAW—That is what I understood. Can opposition staff be present at those briefings and, if so, would they have appropriate security clearance?

Senator Faulkner—I will ask Mr Lewis to respond to that.

Mr Lewis—Yes. First of all, briefings are done for the Leader of the Opposition and shadow ministers. With respect to who on their staff could be there, that would depend on the nature of the briefing and the level of classification. So there is a judgement to be made.

Senator FORSHAW—But they could be there in certain circumstances.

Mr Lewis—Most certainly. If the staff have the necessary clearances, yes.

Senator RONALDSON—The first cabinet meeting was held on 6 December. Is that right?

Senator Faulkner—I will check that for you, Senator. I am sure we will be able to provide that date for you. It is correct.

Senator RONALDSON—Were documents distributed from the CabNet system for that meeting?

Senator Faulkner—I will ask Dr Southern to respond to you.

Dr Southern—I would have to double-check that. We certainly used CabNet to administer the documents, but I think we used a combination of both electronic and hand delivery to get the documents around, because I suspect by that stage we did not have CabNet terminals up and running in all ministers' offices. I can double-check that.

Senator RONALDSON—Anyone on the CabNet system would require a top security clearance to be able to access it, wouldn't they?

Dr Southern—In order to access CabNet, we require a secret clearance. But we are able to provide access to CabNet under a waiver in some circumstances where people have lodged all of the paperwork for their security clearance.

Senator RONALDSON—Prior to 6 December, how many people who had received documentation had lodged those forms?

Dr Southern—I would have to take that on notice, but the documents themselves are directed to ministers.

Senator RONALDSON—Didn't you just say that people who had access to this documentation would have to have had some form lodged in relation to their security clearance?

Dr Southern—People who have access to the electronic CabNet system would be required to either have their secret clearance through or have lodged all of the paperwork for their security clearance and a waiver granted. The other comment I would make is that, in those early days, I suspect some officers were using departmental staff in that role to be CabNet officers, and they would have already had their clearances.

Senator RONALDSON—Is there is a difference between secret and top secret?

Dr Southern—Yes.

Senator RONALDSON—What is the difference—if that does not take too long?

Dr Southern—I would have to pass that one along, I think.

Senator Faulkner—Mr Lewis would be most expert in this.

Senator RONALDSON—This might be one question too many. He is not going to give a 20-minute answer. If it is, I will take it on notice.

Mr Lewis—No. There are a number of levels—'top secret' being the top, where quite clearly the information, if it were divulged, would be extremely prejudicial to national security. It has a definition around it. That is not precisely the words but that is close to it. Then a second order of clearance is 'secret'. The order below that is 'confidential'. The order below that is 'restricted' and then 'unclassified'. They are the national security levels of

clearance. People have clearances to those various levels, depending on what the requirement is.

Senator RONALDSON—Just to be clear: you can have access to CabNet if you have got top-secret or secret access.

Dr Southern—Yes.

Senator RONALDSON—Is that historically as it has always been?

Dr Southern—Yes.

Senator RONALDSON—Under the former government that was both secret and top-secret.

Dr Southern—Yes.

Senator Faulkner—Senator, if it assists you, I can inform you that there is, as I indicated before, a review of Commonwealth security clearance policy and processes being undertaken by an IDC chaired by the Attorney-General's Department and that one of the aims of the review is to ensure the policy is relevant to today's environment and to improve the guidance provided to those who conduct security clearance interviews to ensure they handle sensitive subject areas appropriately. You might care to ask the Attorney-General's Department more fully about that review, but I indicated to you a little earlier that that was being undertaken.

Senator RONALDSON—Is the IDC the same as the review?

Senator Faulkner—The review is being undertaken as I understand it by an IDC. It is being chaired by the Attorney-General's Department and it is appropriate that questions in relation to that review be directed to that department. I think I did mention it a little earlier in the hearing; I just wanted to confirm for you that that was occurring.

Senator RONALDSON—What ministerial offices are yet to have a staffer granted access to CabNet?

Dr Southern—I would have to take that on notice.

Senator RONALDSON—You are unaware whether all offices have or whether there are some offices who have not?

Dr Southern—I believe there may be one or two parliamentary secretaries' offices who are yet to get their CabNet access. I believe all ministers' offices have it now have it but I would have to double-check.

Senator RONALDSON—For the community cabinets—I think there was one on 20 January and one on 2 March—was the CabNet system used to distribute documents for those?

Dr Southern—No.

Senator RONALDSON—So how were papers distributed for those two community cabinets?

Dr Southern—Sorry: I would make the distinction between the community cabinet meeting, which is an open public forum, and perhaps separate cabinet meetings that might occur either the day after or on the same day as community cabinet. Where we are holding a

regular cabinet meeting, all of the papers for that meeting would be circulated through CabNet.

Senator RONALDSON—Can you provide me with a list of the days that cabinet has met—you can take that on notice; that is fine.

Dr Southern—Yes.

Senator FIERRAVANTI-WELLS—Can I just ask for a clarification, Minister: do issues pertaining to personnel security of the Prime Minister come within this or will that be tomorrow?

Senator Faulkner—It is a matter for the PSCC, which I believe is an agency in the Attorney-General's Department—is that correct; it is.

Senator FIERRAVANTI-WELLS—My question is about an incident that was reported in the *Australian* on 9 May where:

Members of Mr Rudd's security detail were also heavy-handed with representatives of the media. One cameraman was told his attempts to get pictures would be blocked 'all day' if he did not move a sufficient distance from Mr Rudd.

The security officer can be heard telling one cameraman: 'Move over mate or I'll stand in your shot all day.'

It was in the *Australian* on 9 May. I am obviously conscious of (1) getting some sort of explanation about it and (2) whether this is a sort of a new way of government communications—or maybe I should ask it in government communications—that when you do not want to be asked questions, you send in the security detail to tell people to buzz off.

Senator Faulkner—I have not got a copy of the article you refer to, but I recall reading the clip. I think you have fairly faithfully reported it in your question. I can say to you that there is an AFP detail, and I believe the appropriate terminology is 'a close personal protection team'. I understand that their work is effectively coordinated by the PSCC. Obviously, both agencies, the PSCC and the Australian Federal Police, are not within this portfolio. They are within the Attorney-General's portfolio. I am not sure I can give you very much information directly, and certainly officials at the table would not be able to either.

Senator FIERRAVANTI-WELLS—I am happy to pursue it from the perspective of the action itself. It is interesting that the article says:

... a Ten Network cameraman, said the treatment was 'heavy-handed' and he was kept back 10m from Mr Rudd, and his shot was blocked. He compared this unfavourably with covering John Howard when he was prime minister.

My question really goes to the attitude of the Prime Minister. Are we seeing a situation where, if he does not want questions, he simply sends in the detail and says, 'Block these guys.' That is where I am coming from: the attitude of the Prime Minister. The incident demonstrates more about the Prime Minister's attitude than the actions of the detail.

Senator Faulkner—I assume that the purpose of your question is to provide some political spin. I can say to you, and I do not think it is going to surprise you, that nothing could be further from the truth. I have seen the Prime Minister throughout an election campaign at close quarters and he was always accessible and always generous with the people who wished

to approach him and talk to him, including the media. I can say to you, absolutely, categorically, that there is no truth to the suggestion you make in relation to the approach of the Prime Minister. I am very confident in saying that because I have seen this at close quarters. You can be absolutely assured that there is nothing to your political spin at all.

Senator FIERRAVANTI-WELLS—I was a bit concerned to see the photo's caption, which says, 'Heavy: Security pushes *The Australian's* John Lyons. Picture: ABC News.' That was the *Australian*, 9 May 2008.

Senator ABETZ—That is no spin.

Senator FIERRAVANTI-WELLS—That is no spin; it is a photo. It is actually very clear in the photograph.

Senator ABETZ—A picture tells a thousand words.

Senator FIERRAVANTI-WELLS—A picture does tell a thousand words. I am very conscious that this sort of thing is not something that we really want to see again. I have made my point, but I will pursue the issue.

Senator Faulkner—I have indicated to you—

Senator FIERRAVANTI-WELLS—I take your assurance that we are not going to see a repeat of photographs with captions like this, 'Heavy: Security pushes *The Australian's* John Lyons'. Is that the assurance that you are giving me?

Senator Faulkner—I certainly do not want to see heavy security unnecessarily push John Lyons, or anyone, for that matter. Obviously, I understand the general point but the insinuation that you make that there is some instruction from the Prime Minister is a load of old nonsense. There is no such thing. However, if you wish to raise questions about how these issues of the close personal protection team are handled, that is fair enough and please feel free to do that.

Senator FIERRAVANTI-WELLS—Thank you. I shall do that.

Senator Faulkner—Feel free to do that through the examination of the estimates of the Attorney-General's Department. Let me say to you categorically that the Prime Minister could not be more accessible than he is. I have seen it at first hand. I am absolutely confident—I am certain—that that is the case, and I can say to you there is absolutely nothing at all in the allegation that you make, which does not benefit you.

Senator FIERRAVANTI-WELLS—What is he saying—zip or something?

CHAIR—May I just interrupt at this stage, because we are due to break, to advise that the Office of National Assessments can be released. They will not be needed this afternoon.

Senator Faulkner—I do hope they have not been waiting all that time.

CHAIR—We have been trying to ascertain whether or not there were going to be any questions for them. We have only just got that news. My apologies if they have been waiting, but at least they get to go.

Senator Faulkner—I am just saying that I hope they have not been waiting since yesterday lunchtime.

CHAIR—We will resume at 1.35 pm.

Mr Mrdak—Chair, if I may, we want to provide some further information to Senator Minchin in relation to that budget revenue measure—just quickly, if we might, before the break.

CHAIR—Only if it is quickly. Unfortunately I am due somewhere else for a briefing. If it is very short, you may.

Mr Tilley—It is very brief. I said I would come back to clarify the revenue impact of the migration measure. This was the first time it had been booked as part of a measure, but previously the revenue impact had been included as part of estimates variations. The difference is that it has been included as a measure rather than as an estimates variation. That is the general answer to your question, Senator Minchin, but Treasury could obviously give more specific details.

Senator MINCHIN—Thank you for that.

Senator Faulkner—Before the committee breaks, I indicate that the National Security Committee of Cabinet is meeting this afternoon at 3 pm, as soon as ministers are available from the House of Representatives. Although I am a member of that committee, I certainly will not be attending; I will be here. But there are officials who will be attending. We have had this situation before at estimates. Senator Minchin has raised this at estimates before. I am wondering if we can give advice to officials from international division, because we have moved into cabinet processes recently. There was an interface with Senator Ronaldson's questioning—I understand that. If it is possible for that questioning to be concluded by a little after 3 pm, it would be appreciated. Officials do have obligations at the NSC. I say that for the record. I think it sounds as if it would be possible to achieve. If there are particular questions to Mr Lewis particularly and others and if it suited the committee, I would appreciate it if perhaps we could do that immediately after the lunch break.

Senator RONALDSON—Madam Chair, can I suggest that perhaps we look at keeping officers from outputs 3, 4 and 5 and then we can work around those issues as required?

Senator Faulkner—I appreciate that, Senator. Mr Lewis is output 3. I wonder if we could kick off, at least, with output 3 and see if we can conclude it.

Senator ABETZ—After Senator Fierravanti-Wells is finished—

CHAIR—She is finished. So we will resume back where we were.

Senator ABETZ—Well, I have a number of questions on that very topic that I think might be helpful.

Senator MINCHIN—We can deal with those and then go to Mr Lewis. We should be able to finish by 3 pm, I would think.

Senator Faulkner—That would be appreciated, if you could. But, as a courtesy, I also want to indicate that some officials may have to leave.

CHAIR—We can endeavour to achieve that if we can be back promptly at 1.35 pm.

Proceedings suspended from 12.34 pm to 1.33 pm

CHAIR—Welcome back. I believe we are still on group 3.

Senator RONALDSON—There are some colleagues who have other questions. I think Senator Fierravanti-Wells is finished in relation to that national security part, so perhaps we can go through and ask some questions on things that we have at the moment and come back to that. I know Senator Trood wants to come back. I have some official residence questions. Do you want to ask some questions, Senator Fierravanti-Wells?

CHAIR—Were you suggesting then that we are going to move off group 3?

Senator RONALDSON—No. We will come back. Senator Trood—

CHAIR—For the time being?

Senator RONALDSON—Yes.

Senator FIERRAVANTI-WELLS—It follows on from the question of the nanny. It is a discrete point about that.

Senator Faulkner—Fine, Senator. But let me be clear here. Senator Ronaldson, is Senator Trood likely to be able to ask these questions before officials are—

Senator RONALDSON—That is what we are trying to organise so that it is done before your issues at three o'clock.

Senator Faulkner—That would be great. That would be very much appreciated. We propose to go then to—

Senator RONALDSON—That would depend on what other colleagues have got. Can we deal with this at the moment?

[1.35 pm]

CHAIR—So is this dealing with output 5.3, the Prime Minister's official residence?

Senator RONALDSON—Yes.

Senator FIERRAVANTI-WELLS—On the last occasion, I think you recall, it was about staffing levels. I think there were 7.4 staff members at the official residences, if my memory serves me correctly. Can you tell me, now that the nanny has gone from the staff, what are the staff numbers in total at the Lodge and Kirribilli?

Senator Faulkner—Yes, I can.

Senator FIERRAVANTI-WELLS—I think there were about eight in total with the nanny. The figure of 7.4 was under the previous occupants. What is the situation now?

Senator Faulkner—The number of staff now at the Lodge is 5.4 and at Kirribilli House is two.

Senator FIERRAVANTI-WELLS—Can you give me a breakdown of what those positions are?

Senator Faulkner—Yes, we can do that for you. At the Lodge there is a senior chef, a chef, a household assistant—which is the 0.4—a senior house attendant and two house attendants. In relation to Kirribilli House, there is a chef and a house attendant.

Senator RONALDSON—The travelling assistant to the Prime Minister—is that person one of those that you have mentioned?

Senator Faulkner—The travelling assistant?

Senator RONALDSON—Yes. Perhaps the deputy secretary can answer that question.

Mr Mrdak—Sorry, Senator. I am not at—

Senator RONALDSON—I have here a Prime Minister's office staff list, updated 18 March, with a person whose name I will not mention listed as a travelling assistant to the Prime Minister.

Senator Faulkner—Oh, you mean on ministerial staff, Senator?

Senator RONALDSON—Yes. I am asking whether this person is part of the Kirribilli staff or part of the ministerial staff.

Senator Faulkner—I have not seen the article you are referring to—

Senator RONALDSON—It is not an article. It is a list of staff.

Senator Faulkner—I think you will find that is ministerial staff. So the answer to your question is: the position in relation to the staffing establishment at the Lodge and at Kirribilli House is as I have outlined to you a moment ago.

Senator RONALDSON—In relation to the position of the travelling assistant to the Prime Minister—perhaps the deputy secretary can answer this—what is the job description of that person?

Mr Mrdak—I would have to check. I am not aware of—

Senator RONALDSON—Is there an officer here who can assist with that?

Mr Mrdak—I do not believe so. I will take that on notice, if you do not mind.

Senator RONALDSON—There must be someone, surely. We have got a whole range of things such as 'support to official establishments' and 'support for ministerial officers' to come up, and other bits and pieces. Is anyone there at the moment who can answer this query?

Mr Mrdak—I presume that that person provides secretarial support and the like during the various visits that the Prime Minister undertakes. But, as the minister has outlined, that is a ministerial office position. I am not familiar with any—

Senator RONALDSON—I think you have got someone here who—

Senator Faulkner—I do not know what you are quoting. I do not have the advantage of the document in front of me. But that is fine. I know that there is an executive assistant position on the PMO—the Prime Minister's office—staff. So it is a ministerial staff position.

Senator RONALDSON—That person travels with the Prime Minister; is that right? Presumably, a travelling assistant to the Prime Minister travels with the Prime Minister.

Senator Faulkner—I do not know what document you are quoting from.

Senator RONALDSON—It is the Prime Minister's office staff list—PMO switchboard—updated on 18 March. An 'X' person: 'Travelling assistant to the Prime Minister.' I am not going to mention this person's name, but the opposition believes that this person, who I think

in the circumstances we need to call 'Jeeves'—and that is not his proper name; that is not appropriate to mention—actually travels with the Prime Minister and may well even assist the Prime Minister at Kirribilli House. He certainly travels with him overseas, and he takes on the role of a butler. In fact, if you look at some of the information we have, he could be a valet, a footman or a butler. So I would be very interested, Mr Deputy Secretary, to find out exactly what the job description of this person is. Because, if indeed, as we believe, this person travelled with the Prime Minister, we think it actually got to the stage in the United States where he was putting out his clothes in the morning. Are you aware of that?

Mr Mrdak—There is no position as butler, valet or any other position supporting the Prime Minister.

Senator RONALDSON—There might not be on what you have been given. But what the opposition believes is: we have got this man who is travelling overseas with a butler or a valet or a footman—

Senator FIFIELD—A manservant.

Senator RONALDSON—or a manservant or whatever it might be. If he puts out his ties and polishes his shoes in the morning, he is probably a valet. If he gets a cup of tea in the morning, he is probably a butler. If he carts the luggage around, he is probably a footman. So here we are at the stage in this country where petrol is \$1.60 per litre and here we have Jeeves, whose position is as a travelling assistant to the Prime Minister. Jeeves is travelling around the country putting out clothes for the Prime Minister in the morning. We have people paying \$1.60 a litre for petrol, your government is doing absolutely nothing about it and here we have Jeeves putting out the clothes in the morning. Now, is that an appropriate course of action for this government to be taking at this time, when we have petrol prices at \$1.60? You will not do a thing about it, and we have the butler, Jeeves, looking after the Prime Minister. So much for openness and transparency and so much for a government that apparently came in with these great intentions. It has done absolutely nothing. But worse than that, it has returned to the old days of excess where we can have a butler employed by the Australian taxpayer.

Senator Faulkner—Well, thank you—

Senator RONALDSON—It is a 19th century practice, as Senator Watson said.

Senator Faulkner—Senator, you have—

Senator RONALDSON—As Senator Abetz said, how many working families have a butler? These are the same families which you quite rightly indicated are paying \$1.60 a litre for petrol. How many working families have a butler? Good question!

Senator FIFIELD—Are you sure it is not Carson Kressley? He spends a lot of time in Australia these days!

Senator RONALDSON—It could well be.

Senator Faulkner—Now, I believe you asked about a staff list and the Prime Minister's office. You have used a lot of terminology. Your original terminology was 'travelling assistant'. I have just asked to be provided with the list of staff.

Senator RONALDSON—I will table that now so you can have a look at it straight away.

Senator Faulkner—Fine. Thank you. I will have a look at that. I am aware that there is an executive assistant to the Prime Minister—that is what I am aware of. I do not think it is particularly helpful to have a two or three minute rant in relation to these things. I am happy to help you wherever I can, but you seem to have gone around the world and back again. But I am aware—

Senator RONALDSON—Minister, if you consider a discussion about excesses of government diatribe, then clearly we have very different views on a large number of things.

Senator Faulkner—I do not describe that as a discussion—

Senator RONALDSON—I presume that you would describe a butler as an excess.

Senator Faulkner—but I am aware that there is an executive assistant to the Prime Minister in the Prime Minister's office staffing establishment.

Senator FIERRAVANTI-WELLS—Last time at estimates, there was the issue and we went around about how much the staffing levels were when the Howards lived at Kirribilli and it was a staff level of 7.4; of course, with the nanny it had gone up to eight. Are we seeing now, if this situation is the way it is, a sort of a roundabout way of having a butler or whatever be a personal assistant to the Prime Minister but not show up, so that the Prime Minister cannot be criticised for having a higher staff level than the Howards had when they were at Kirribilli? That really is the crux of this.

Senator Faulkner—You asked questions about this before the lunch break and I confirmed with you what the arrangements were in relation to the household assistant at the Lodge. I can say to you that, in relation to the current or new structure at the Lodge, under the current Prime Minister, there are 5.4 positions. In relation to when Mr Howard was Prime Minister, there were three. So that represents, in terms of permanent staff at the Lodge since Prime Minister Rudd has taken office, staff having increased by 2.4. It is also true to say, in relation to Kirribilli House, that the current structure there, the new structure there, is two staff members. When Mr Howard was in office and in residence at Kirribilli House, it was 4.4 staff. So it is also true to say—as I am sure you can appreciate because I know how good you are at mathematics—that permanent staff at Kirribilli House have reduced by 2.4 to a total of two staff. That is the situation in terms of the staffing establishment at both the official establishments.

CHAIR—Before you go any further, I am seeking clarification. As I understand, Senator Ronaldson wanted to table the document he was referring to earlier. I am seeking clarification, Senator Ronaldson, as to whether that document was for the minister's benefit, for him to have a look at, or you wanted to table the document and identify staff, the individual you were referring to. I could stand corrected, but my information is that it is not the normal practice of this committee to expose people's names and make them public.

Senator RONALDSON—I deliberately did not mention the person's name because of the standard traditions.

CHAIR—But, if you are going to table the document—or is that just for the minister's benefit?

Senator RONALDSON—It was for the minister to have a look at and then get back to me about. I think that is probably an appropriate course of action.

Senator Faulkner—That is fine. I appreciate Senator Ronaldson's courtesy in that regard. I am happy to have a look at the document and I appreciate him providing it to me on that basis. I have now sighted it. To come back to Senator Fierravanti-Wells's question first, of course there is a clear differentiation between the staff of the official establishments, as you would appreciate—and I have outlined the staffing arrangements at both the Lodge and Kirribilli House. Of course, separate to that, there is the Prime Minister's staffing establishment, if you like, in the Prime Minister's own office, which I know you understand, Senator.

Senator JACINTA COLLINS—I have just a follow-up question there.

Senator FIERRAVANTI-WELLS—I was about to—

Senator JACINTA COLLINS—I just want to confirm one extra element of the answer you were just given; it relates to that. Do I recall correctly, Senator Faulkner, that Mr Rudd has announced that he himself is funding some of the staff cost at the Lodge?

Senator Faulkner—Yes, that is true. There is a position that I outlined—

Senator FIERRAVANTI-WELLS—Only after we had pushed him, Senator Collins, but he is doing that.

Senator JACINTA COLLINS—Whatever the reason, I would like clarification.

CHAIR—Can I just—

Senator JACINTA COLLINS—And has any previous Prime Minister done so?

Senator Ronaldson interjecting—

Senator FORSHAW—Excuse me; I am caught in the middle of this!

CHAIR—Thank you, Senators. The minister was endeavouring to answer the question. If we pay the courtesy of asking a question of him, we should be listening to his answer. Minister, you have the call.

Senator Faulkner—Thank you. There are two issues I would like to address. I appreciate Senator Ronaldson providing me with that document, so I will go to that first. The particular staff member that Senator Ronaldson has identified in fact has the position of executive assistant in the PMO. The key role of this particular ministerial staffer is management of the Prime Minister's paper flow, if you like. That particular staff member, who I indicate is employed under the MOPS Act, as I am sure you would appreciate—but just for the fullness of the record—assists with invitations, gifts and travel arrangements, as I am advised.

Secondly, the other issue that has been raised with me—and I am happy to hand that back to Senator Ronaldson; as I have indicated, I appreciate him providing that to me; that is the role of the executive assistant in the Prime Minister's office—is the issue that Senator Collins has just raised. There is a position of household assistant at the Lodge. The committee I think is aware that the Prime Minister and Ms Rein have met 60 per cent of the salary, including on-costs such as superannuation, for this position, and 100 per cent of all overtime and overnight allowances paid to the household assistant. That has dated, as evidence indicated before this

committee this morning, since the household assistant's commencement on 21 January 2008. I repeat that, in fact, in relation to both Kirribilli House and the Lodge, 7.4 positions are funded across the two residences. It is true, as I was asked—and I can confirm for the committee—that is the same number of staff positions that were funded under Prime Minister Howard.

Senator FIERRAVANTI-WELLS—So can I understand that the nanny, the same person who was employed on 21 January this year, is actually still there at the Lodge—it is just that now 60 per cent of her salary as such is being paid for by the Prime Minister and his wife on a personal basis? It is the same person. Is that what you are saying?

Senator JACINTA COLLINS—I did not hear 'nanny'.

Senator Faulkner—I have indicated what the arrangements are in relation to payment of the household assistant.

Senator FIERRAVANTI-WELLS—Correct me if I am wrong—when we went through this last time there was the issue about the nanny—the nanny is still there at the Lodge; it is just that 60 per cent—

Senator JACINTA COLLINS—I do not know any 14-year-old who has a nanny.

Senator FIERRAVANTI-WELLS—Senator Collins, if you had read the transcript and had been here then, that is precisely our point.

Senator JACINTA COLLINS—I suggest that you should sit down and read your commentary.

Senator FIERRAVANTI-WELLS—You ought to go back and read before you open your mouth.

Senator JACINTA COLLINS—You need to read your commentary.

Senator FIERRAVANTI-WELLS—Then you would understand what this is about.

Senator JACINTA COLLINS—I do know what it is about. It is a beat-up.

CHAIR—Senator Fierravanti-Wells has the call and I hope her question is through the chair.

Senator RONALDSON—Point of order, Madam Chair. Is Senator Collins going to apologise to the minister for the extreme embarrassment she has just caused him by making that comment?

CHAIR—There is no point of order. Senator Fierravanti-Wells, you have the call.

Senator JACINTA COLLINS—He doesn't look embarrassed.

Senator FIERRAVANTI-WELLS—Senator Faulkner, I wait with bated breath for your answer.

Senator Faulkner—Thank you. Let me answer your substantive question. I think the committee is aware of the judgement that has been made by, I believe, the Prime Minister and Ms Rein about the split of responsibility for the household assistant at the Lodge. That does, as has been indicated to you, I think earlier today or perhaps yesterday, reflect the balance of the staff member's responsibilities.

Senator ABETZ—But the question was: is it the same person?

Senator FIERRAVANTI-WELLS—It was. Is it the same person?

Senator Faulkner—Yes.

Senator FIERRAVANTI-WELLS—So, in other words, the same person who was the nanny employed full time on 21 January this year is still at the Lodge. The only difference is that 60 per cent of her salary is now being paid for by the Prime Minister personally. That is it in a nutshell, isn't it?

Senator Faulkner—I will say it again so that you are really clear.

Senator FIERRAVANTI-WELLS—No, I am clear that they are paying 60 per cent. I am asking whether it is a nanny.

Senator Faulkner—Let's be clear: the Prime Minister and his wife have met 60 per cent of the salary. I indicated to you that, in fact, included on-costs such as superannuation and 100 per cent of overtime and overnight allowances of the household assistant paid to that person since her commencement on 21 January 2008. I do not know that I can be any clearer about that, but that is the situation.

Senator FIERRAVANTI-WELLS—So 40 per cent of her job is as nanny now and 60 per cent is other activities. Is that the situation?

Senator Faulkner—I have also indicated to you that the judgement that was made, the 60-40 split, reflects, if you like, 60 per cent caring duties and 40 per cent household duties. That is the terminology I am using so it is clear for you. So that does reflect the balance of this particular employee's, this household assistant's, responsibilities at the Lodge.

Senator FIERRAVANTI-WELLS—Is the 5.4 staff level inclusive or exclusive of the payment by the Prime Minister and Ms Rein?

Senator Faulkner—As I have indicated to you, it is exclusive. It does, however, include the 40 per cent that I have just spoken to you about. In other words, it reflects the 40 per cent household duties component of the responsibilities of the household assistant. I hope that is clear; I think it should be.

Senator FIERRAVANTI-WELLS—I am interested to know what this person does. So for 40 per cent of the time she has—I assume it is a she, or is it a he?

Senator Faulkner—It is a she, in fact.

Senator FIERRAVANTI-WELLS—She does nanny activities and then for 60 per cent she does household activities. Is that the—

Senator Faulkner—I have explained this as best I can. I will ask—

Senator FIERRAVANTI-WELLS—But I would like to understand.

Senator Faulkner—I have explained this as best I can. I have absolutely no doubt that Mr Mrdak can do a better job than me in explaining, so I will let him have a go.

Senator FIERRAVANTI-WELLS—Let me come in at it from a different angle. Is she physically at the Lodge full time? Does she reside at the Lodge? Does she live in? Is she a live-in nanny?

Mr Mrdak—Perhaps I might explain, Senator.

Senator FIERRAVANTI-WELLS—Yes, thank you.

Mr Mrdak—The household assistant does not live in; she is not living at the Lodge. She works a 38-hour week at the Lodge. As the minister has outlined, 40 per cent of her time is in relation to general household duties, which involve a range of tasks supporting the household such as cleaning and those types of tasks that are done as part of household duties. The other 60 per cent, which is reimbursed by the Prime Minister, relates to services she provides for the family, which are fully reimbursed by the Prime Minister. They are private caring duties that she undertakes for the family.

Senator FIERRAVANTI-WELLS—At the Lodge?

Mr Mrdak—At the Lodge.

Senator FIERRAVANTI-WELLS—Does she travel when they go off to Kirribilli and is that all at the expense of the Prime Minister, if they go—

Mr Mrdak—No, there has been no travel.

Senator FIERRAVANTI-WELLS—So she is nanny for 40 per cent of the time and 60 per cent of the time—

Mr Mrdak—I do not think that is the right term.

Senator Faulkner—It is not the right term, Senator, and you know it is not the right term. Let me be clear so you understand. The Prime Minister has made absolutely clear—

Senator FIERRAVANTI-WELLS—I have gone back to the transcript and the transcript is very clear—

Senator Faulkner—I would appreciate an opportunity to be—

Senator FIERRAVANTI-WELLS—that this person was employed for the purposes of nanny duties, for looking after their 14-year-old son.

Senator RONALDSON—Exactly.

Senator ABETZ—Oopsie!

Senator FIERRAVANTI-WELLS—It is very, very clear.

Senator RONALDSON—Why would there be a reimbursement otherwise?

Senator FIERRAVANTI-WELLS—It is as clear as black and white. It is only after the questions that I and others raised on the last occasion that the Prime Minister finally decided that he would turn around and pay for it. Indeed, this morning you have told us that he has reimbursed even that period of time between January and—

Senator Faulkner—Can I answer the question? I really would appreciate an opportunity.

CHAIR—Excuse me. I would just remind members of the committee that, if you are asking questions, which is your responsibility, at least give the minister the opportunity to respond. There is a question before the minister, so I would appreciate being able to hear the answer.

Senator Faulkner—The Prime Minister has made very clear, very clear indeed, that he and his wife will meet the portion of the staff member's time, which is the 60 per cent—or, if you like, three days—that is spent on carer duties, which is precisely the case. I have tried in my explanation to you, which I hope you can understand, to explain that those functions are obviously different to the 40 per cent which is spent on householder duties. The Prime Minister and his wife meet that contribution of the salary on carer duties and the government meets that 40 per cent of the household assistant's responsibilities of household duties.

CHAIR—Before we go on, if I could have the committee's indulgence, please, I would like to formally welcome to estimates this afternoon a visiting delegation from Tanzania. They are being led by the Deputy Speaker of the Tanzanian parliament, the Hon. Anne Makinda MP. They are here to pursue an interest in parliamentary reform initiatives. I would like to formally, as I said, welcome you to the estimates finance and public administration committee and I hope you enjoy your stay here in Australia.

Senator FORSHAW—Hear, hear.

Senator RONALDSON—Perhaps we can lend the butler to the leader of the delegation for the duration of her stay. Can I ask you a question—

Senator Faulkner—Let me respond to that, if I can, Chair. Chair, can I respond to that? Senator Ronaldson has continued to use what I consider to be offensive and inappropriate language about a staff member concerned in the Prime Minister's office, an executive assistant. I have outlined for the benefit of the committee what I understand the role and responsibilities of the staff member in the Prime Minister's office are—the sort of information, I might say, that was never forthcoming during the life of the Howard government.

Senator ABETZ—That is just not true.

Senator Faulkner—I make the point that—

Senator ABETZ—You can shout all you like.

Senator Faulkner—that the senator's interventions in relation to this and description of the staff member's role are absolutely inappropriate and absolutely offensive to all concerned but most importantly, I believe, the staff member concerned.

Senator FIFIELD—Point of order, Madam Chair.

CHAIR—Your point of order, Senator Fifield?

Senator FIFIELD—This is a tedious and irrelevant monologue.

Senator Faulkner—It is an answer to a question.

CHAIR—It is the minister's response in answer to a question. Senator Ronaldson.

Senator RONALDSON—Just getting back to the nanny, and we do again thank—

Senator Faulkner—Senator, that term is one that has never been used.

Senator RONALDSON—Excuse me, I am asking the question. You have spent a lot of time on this.

Senator Faulkner—I have.

Senator RONALDSON—I am asking a question which is a follow-up—

Senator Faulkner—But what I did not do on that side of the table was deliberately misinterpret evidence that was provided. I have never done that. This is not a term that has been used or should be used, like all the other terms that have been used here today. I want to make clear that, when that terminology is used, I consider it to be inappropriate. I am trying to provide—

Senator RONALDSON—‘Nanny’ is not inappropriate.

Senator Faulkner—I am trying here to provide—

Senator ABETZ—This is political correctness.

Senator FIERRAVANTI-WELLS—‘Child carer’, ‘nanny’—are we going to split hairs? Come on, Senator Faulkner!

Senator Faulkner—frank and full evidence on these matters, and I believe it ought to be done without political spin from members of the opposition.

Senator RONALDSON—Thank you very much. Can I just return to the nanny?

CHAIR—Senator Ronaldson, I know the cameras are here and everyone is getting excited, but it would be more helpful to me in the chair if I could hear responses and also hear the questions. Senator Ronaldson, you have the call.

Senator RONALDSON—Absolutely. Thank you for your protection, Madam Chair. The minister is interrupting me constantly. In relation to the nanny, can I also take you back to a question that Senator Fierravanti-Wells raised last time, where I think from recollection we were told that one of the staff members had to let the animals out and walk them around the garden. From my recollection that was one of the matters that Senator Evans was forced to admit to last time while we were having the talk about the nanny.

Senator FORSHAW—I think you are talking about your shadow cabinet meetings actually.

Senator RONALDSON—Have the Rudds made money reimbursement for the cost of walking these animals around outside in the grounds of the Lodge?

Senator Faulkner—I repeat what I said before. The person who is employed at the Lodge is in fact a household assistant. I have indicated to you that 60 per cent of those duties relate to caring responsibilities and 40 per cent to household duties. I believe the question that you are referring to in relation to the toileting of animals at the Lodge was one that was actually directed at the table when I was at the table. Frankly, it was pretty silly then and I do not really think I have a great deal more to add to the toileting arrangements for either the Prime Minister’s dog or cat.

Senator RONALDSON—I asked you about the responsibilities and the duties of these particular people and who was paying for what. What Senator Fierravanti-Wells quite rightly raised was: what is the taxpayer paying for and what are the Rudds actually paying for?

Senator Faulkner—Thank you for that. I had hoped that I had outlined that. But, in total, in the official residences, the taxpayers are paying for 7.4 positions—5.4 at the Lodge and two at Kirribilli House. It happens to be the same staffing establishment across the two official

residences that existed when Mr Howard was Prime Minister, although it is different in its internal structure and between the residences—because, as you know, Mr Rudd lives at the Lodge and Mr Howard lived at Kirribilli House. I do not know that there is a great deal of point in me repeating it for you, but, in relation to the household assistant at the Lodge, Mr Mrdak and I have outlined the situation in relation to the payment of her salary and other allowances and on-costs. I am happy to repeat that for your benefit, but I think it is actually clear. In fact, it is not new. I think these things were announced in February of this year.

Senator FIERRAVANTI-WELLS—In answer to the question on notice, you told me that the estimated annual cost for the 7.4 staff is approximately \$588,000. I would appreciate it, given the questioning that has occurred, if you could take on notice to give us a breakdown of the salary of each of those positions, and also—

Senator Faulkner—We will take that on notice if we are unable to provide it now. I will just check with officials to see whether we can answer that question now. I am doubtful that we can but, if we can, we will.

Senator FIERRAVANTI-WELLS—I was going to give you a second component to the request to take on notice.

Senator Faulkner—By all means.

Senator FIERRAVANTI-WELLS—That is to set out the duties of each of the positions. Also, I take it that the chef at Kirribilli is a full-time chef and that the positions at Kirribilli are both full-time positions, notwithstanding that the Prime Minister does not reside at Kirribilli.

Senator Faulkner—That is my understanding. If it is of any significance, I will point out to you that—as you would know, if you were attentive on previous occasions—

Senator FIERRAVANTI-WELLS—I am always attentive.

Senator Faulkner—Good. You would know then that when Mr Howard was Prime Minister there was a full-time chef position at the Lodge and you would know that Kirribilli House was a 1.4 staffing establishment. Now I am going to ask to see if I can provide any detail, first of all, in relation to the salary costs of the staffing establishment of 7.4. I suspect we will not be able to today, but I will just check with officials for you.

Senator ABETZ—On this, can I just ask a question?

Senator Faulkner—Senator Fierravanti-Wells, officials do not have that material available for you.

Senator FIERRAVANTI-WELLS—Please take that on notice. Thank you.

Senator Faulkner—I am afraid we will need to take on notice that issue and the question of duty statements in relation to the staff.

Senator ABETZ—If I may, I would like to just briefly get some absolute clarity on this, because we have had very mixed messages sent to us as to what the arrangement is. Mr Mrdak, can you confirm to us whether the person that would normally be described as a nanny—but I understand child carer is the politically correct term, so I will use that; in the same way we no longer have butlers but household assistants; so be it—this child carer, is paid 100 per cent by the Australian taxpayer? Be very careful, because what I want to know

is: we have been told that Mr Rudd reimburses. For a reimbursement to occur, it would suggest that the full payment has initially been made by the taxpayer—100 per cent—and then Mr Rudd pays 60 per cent. So the first question I want to know is: on whose payroll is this lady?

Mr Mrdak—The household assistant we have been discussing is an employee under the MOP(S) Act. Is a contracted position. That position is paid for through the official establishments appropriation done through the Department of the Prime Minister and Cabinet.

Senator ABETZ—One hundred per cent?

Mr Mrdak—The salary is paid by the department—

Senator ABETZ—One hundred per cent?

Mr Mrdak—and then there is a reimbursement provision.

Senator ABETZ—Yes, we will get to the reimbursement later. So what we have discovered today is that in fact the taxpayer is still paying this position 100 per cent and the holder of that position then attracts all the benefits that she would attract under the MOP(S) Act as a full-time employee; is that correct?

Senator Faulkner—No. You would have discovered that on 19 February, when it was announced.

Senator ABETZ—One hundred per cent of her salary is paid for by ministerial and parliamentary services; correct?

Senator FORSHAW—One for none.

Senator ABETZ—Is that correct?

Mr Mrdak—It is paid for by the Department of the Prime Minister and Cabinet.

Senator Faulkner—So that is incorrect, Senator. You would think a former Special Minister of State would actually know that.

Senator ABETZ—Of course, of course! Very droll, but we do have now that the taxpayers—whether it is through PM&C or M&PS, so be it—are paying 100 per cent of this lady's salary entitlements. Can I then ask: what would happen in the event that she were made redundant or were to make an unfair dismissal claim? Who would have to foot the bill in relation to this employee? Prime Minister and Cabinet would, wouldn't they?

Mr Mrdak—The employment arrangement is as a MOP(S) staffer under contract.

Senator ABETZ—So this is now like a MOP(S) staffer; thank you very much.

Mr Mrdak—It has been done under the MOP(S) Act provisions, although the payments are being done by the—

Senator ABETZ—Minister, that was helpful, wasn't it?

Senator Faulkner—It is helpful.

Senator FORSHAW—Let him finish. What was that last bit, Mr Mrdak?

CHAIR—You asked the question—

Mr Mrdak—The household assistant is employed under the Members of Parliament (Staff) Act provisions as a contracted staffer. The costs of that staffer are met through the payment system by Prime Minister and Cabinet.

Senator ABETZ—Under the MOP(S) Act, what entitlements does she attract in the event of a redundancy?

Mr Mrdak—I am not familiar with the details of her contract, but I will take that on notice.

Senator ABETZ—If you could take that on notice, and any other entitlements, because we have now established that she is fully under the MOP(S) entitlements. The next question is about the 60 per cent that is reimbursed. How has that been calculated in relation to all the entitlements that may accrue under MOP(S) staff contracts and who made that calculation?

Mr Mrdak—The department undertakes a calculation each month, which includes 60 per cent of salary and all oncosts—including superannuation and all other oncosts.

Senator ABETZ—Sixty per cent of those oncosts?

Mr Mrdak—Sixty per cent of those oncosts.

Senator ABETZ—So not 100 per cent of her superannuation?

Mr Mrdak—No.

Senator MINCHIN—How is that invoiced? Is the Prime Minister invoiced by the department on a monthly basis?

Mr Mrdak—Yes.

Senator MINCHIN—So there is an exchange of an invoice and then a cheque is sent to the department every month.

Mr Mrdak—We provide an invoice to the Prime Minister's office and those funds are then transmitted back to the department.

Senator ABETZ—And that is paid in arrears, no doubt.

Mr Mrdak—That is correct.

Senator MINCHIN—How is that payment made, can I ask?

Mr Mrdak—I will check. I think it is an electronic transfer.

Senator FORSHAW—Is that similar to, say, the way in which members of parliament may be invoiced for them to reimburse DOFA for expenses in relation to some travel or other aspects?

Senator Faulkner—Nice try.

Senator FORSHAW—I am just trying to understand if this is a system that operates in respect of other—

Senator ABETZ—This is a—

Senator FORSHAW—Can I finish my question, please? Would you just have the decency to let me finish?

Senator ABETZ—We were interrupted by you. We had a bracket of questions here. You interrupted.

CHAIR—Senator Forshaw has the call, Senator Abetz.

Senator FORSHAW—I was taking up the pause in your questioning to follow on to ask whether that system—

Senator ABETZ—No, you interrupted our questioning.

Senator FORSHAW—of seeking a reimbursement is similar to a system that exists for other members of parliament, where they may have to reimburse a department or the department of finance generally.

Mr Mrdak—My understanding is that it would be similar to other reimbursement arrangements which we put in place. The other part of it—

Senator FORSHAW—What I mean is the payment may be made and then reimbursement sought.

Mr Mrdak—That is right.

Senator FIFIELD—The same process applies to all taxpayer funds—

Senator FORSHAW—That operates, for instance, with the use of hire cars, and I can think of a number of other entitlements.

Mr Mrdak—We have built the reimbursement based on normal Commonwealth practice. The other part of that, which I was going to go to, is that the Prime Minister also meets 100 per cent of any overtime or any other out-of-hours duties. So we invoice on that basis—60 per cent of salary and oncosts. Any claims for overtime or additional duties are met 100 per cent by the Prime Minister.

Senator MINCHIN—So where on the public record is the evidence that this reimbursement is actually occurring? Do you show this income from the Prime Minister as income to the department? Is there a line item that would at least include this income?

Mr Mrdak—I provide a signed minute to the Prime Minister which provides a detailed breakdown of the hours worked under the time sheets.

Senator MINCHIN—You do?

Mr Mrdak—Yes, I do. It is done through our official establishments area of the department, which manages all of the issues around the Lodge and Kirribilli House. We provide a signed minute to the Prime Minister which sets out a detailed invoice of hours claimed and our calculations of the 60 per cent, and the 100 per cent of on-costs. We provide that with an invoice to the Prime Minister.

Senator FIERRAVANTI-WELLS—Would it not have been easier to just engage this woman for a set number of hours? If the Prime Minister wants to engage her separately or wants to engage another person, he can do it independently. This seems to be a very circuitous way of going about this—

Senator MINCHIN—And expensive.

Senator FIERRAVANTI-WELLS—What is the cost of all the time and effort that you as a deputy secretary have to go through? How much does this cost in your time and that of your staff—

Senator FORSHAW—A hell of a lot less than your private-plated vehicle, Senator. What are you whingeing about?

Senator FIERRAVANTI-WELLS—Madam Chair, would you tell Senator Forshaw that I did him the courtesy of listening—

Senator FORSHAW—I just thought I would help you.

Senator FIERRAVANTI-WELLS—so could he keep quiet while I am asking questions.

CHAIR—You have the call, Senator Fierravanti-Wells.

Mr Mrdak—These are amongst a range of duties which our official establishment staff undertake in terms of acquittals and management of the arrangements for the official establishments. This system has been put in place to meet the decision that was taken by the Prime Minister, as announced earlier this year.

Senator FIERRAVANTI-WELLS—So this is a new system that this Prime Minister has chosen to implement to meet his own personal needs—is that what you are saying?

Mr Mrdak—The announcement that was made earlier this year in relation to the amount of this person's remuneration, which was to be met privately by the Prime Minister, has necessitated us building a system to do this. This is not something that has been done previously. There have not been reimbursements previously that I am aware of.

Senator FIERRAVANTI-WELLS—Absolutely. Mr Mrdak, how much would it cost for this whole operation if this woman was just simply paid her 40 per cent of her 38 hours, and the carer-nanny component of it was separately engaged by the Prime Minister? I would like to understand what the costs associated with the process you have undertaken are. You can bet your bottom dollar that it is a lot more expensive to the taxpayers than it would otherwise be if the Rudds decided to privately engage their own nanny at the Lodge.

Senator Faulkner—There is obviously, as I think you would appreciate, no requirement for the Prime Minister and his wife to do this. Mr Rudd is the only Prime Minister who has reimbursed these sorts of costs in our history. I think it is important for you to understand and acknowledge those particular circumstances. This is unprecedented—that is quite true.

Senator FIERRAVANTI-WELLS—I want to acknowledge it in the context of the current economic situation.

Senator Faulkner—No other Prime Minister has ever done this before. The Prime Minister and his wife believe it is appropriate in the circumstances.

Senator FIERRAVANTI-WELLS—His wife is a multimillionaire. That is why. It doesn't surprise me. For the average person—

CHAIR—Can we allow the minister to respond.

Senator Faulkner—The Prime Minister announced these arrangements, I think, on 19 February—

Senator FIERRAVANTI-WELLS—As a result of questioning by me and other senators.

Senator Faulkner—this year.

Senator FIERRAVANTI-WELLS—He was pushed into it.

Senator Faulkner—I repeat: I think you are being very ungenerous here because, as I say, no other Prime Minister has ever reimbursed these costs before.

Senator FIERRAVANTI-WELLS—If I and other senators had not raised the issue, would he have done it? The answer is no. He did it because he was pressured into it.

Senator Faulkner—No other Prime Minister has reimbursed these costs before.

Senator ABETZ—No other Prime Minister has felt such shame.

Senator FIERRAVANTI-WELLS—That is right. He was shamed into doing it.

Senator Faulkner—I would have thought that even you, Senator, would acknowledge that—

Senator FORSHAW—He was not ashamed at all. It is just that you people got down into the gutter and brought this stuff up.

Senator Faulkner—and perhaps even congratulate the Prime Minister for doing so.

Senator ABETZ—And he would not have paid. Thank you, Michael.

Senator FIERRAVANTI-WELLS—Thank you.

Senator FORSHAW—You got down into the gutter and attacked the Prime Minister's family. That is what you did.

CHAIR—Are there any further questions?

Senator FORSHAW—You attacked the Prime Minister's family, including his children. That is what you did, Senator.

CHAIR—Thank you, Senators Abetz and Forshaw.

Senator ABETZ—Thank you, Madam Chair. I have a question—

CHAIR—I would appreciate it—

Senator FORSHAW—Nobody ever attacked the previous Prime Minister like this in regard to his family. This is a disgrace. It is an absolute disgrace!

CHAIR—I would appreciate it if people would pay some common courtesy. I am here as much as you are to listen to the questions and the answers.

Senator FORSHAW—I apologise profusely, Chair.

CHAIR—If we cannot have some decorum and show at least some courtesy to the chair, then I will suspend these hearings of estimates until such time as we have order in this place. I know the cameras are here and that people get excited, but if we are worried about taxpayers' funding of certain other expenditures then I think they would be somewhat amused at the behaviour of senators this afternoon.

Senator RONALDSON—Deputy Secretary, will you give this committee an undertaking that the Prime Minister is not salary sacrificing in relation to his nanny payment?

Mr Mrdak—There is no salary sacrifice arrangement.

Senator ABETZ—So that this is absolutely clear, can we have confirmed that Ms Rein and Mr Rudd are not engaged in an individual contract with this particular staff member?

Mr Mrdak—The household assistance is engaged through the department.

Senator ABETZ—So there is no contractual arrangement in any shape or form between the staff member and Mr Rudd and Ms Rein?

Mr Mrdak—No, there is no contract in place.

CHAIR—At this point in time, can I remind committee members of the commitment we gave to go back to outcome 3 because of time constraints.

Senator MINCHIN—Can I just ask one question?

CHAIR—Can I clarify with Senator Trood as to how much time he will need, because we have to finish that area by three o'clock. Also, do other senators wish to question on outcome 3?

Senator TROOD—Madam Chair, I am conscious of the three o'clock deadline. If we start soon, I should be able to conclude by three o'clock.

CHAIR—We will have another five minutes on this outcome.

Senator MINCHIN—In the interests of transparency and the public record, I am interested in this question of how the revenue that the department receives from Mr Rudd and Ms Rein for the services provided by this woman, which they take to be in their personal capacities, is accounted for. Where does the revenue appear in Prime Minister and Cabinet accounts so that there is, on the public record, clear, demonstrable evidence that these payments are in fact occurring? Presumably, the department must record this as revenue somewhere.

Mr Mrdak—We do. It is recorded at section 30, revenue, in our financial statements—reimbursements.

Senator MINCHIN—We will see that in your annual report, will we?

Mr Mrdak—Yes. It occurs as reimbursement revenue.

Senator RONALDSON—The reimbursement payments are made by whom?

Mr Mrdak—The reimbursement payments are made by the Prime Minister.

Senator RONALDSON—And what is the form of that reimbursement?

Mr Mrdak—An electronic funds transfer to a departmental account.

Senator RONALDSON—What account is that from? Do we know?

Senator Faulkner—Senator, you cannot seriously suggest that that information should be made public at a Senate estimates committee.

Senator RONALDSON—I will rephrase the question: is it from a company account or is it from a private account?

Senator Faulkner—Some of the questioning here has been hysterical, to say the least, but this is quite preposterous and inappropriate.

Senator RONALDSON—I think that is probably a decision for the chair, but I will rephrase the question: is it by way of private account or is it by way of company account?

Senator Faulkner—I am not going to allow the official to answer that question.

Senator RONALDSON—On what basis?

Senator Faulkner—I am not going to give details of a prime ministerial bank account. I would ask you to reflect on this, Senator. And I do not think that after reflection you would think it appropriate for that sort of information to be made available. Twice now—before you started this line of questioning and earlier in the hearings—we made it quite clear that this is done by electronic funds transfer. It was actually asked by one of your colleagues. I am not going to go into the details of bank accounts. Surely Senator Minchin would not expect me to.

Senator MINCHIN—No, we do not want you to. I think it is proper that we not unduly pry into the personal affairs of the Prime Minister and his wife. But I am interested in how this will show up in the PM&C accounts. There must be revenue derived from a source. What will appear in the accounts indicating the source of the revenues that go to make up the salary component of this woman?

Mr Mrdak—As I said earlier, it will appear at section 30, reimbursement revenue.

Senator MINCHIN—From whom or what?

Mr Mrdak—I will take on notice the degree to which we note what notes we provide to that account in our financial statements.

Senator MINCHIN—Presumably, when you show a revenue item you have to show from whom or what entity that income is received.

Mr Mrdak—We do not normally provide details of reimbursements to great detail.

Senator ABETZ—It is reimbursements in a lump sum, so you cannot divide it up. That is what Senator Minchin wants to find out—

Mr Mrdak—That is right.

Senator ABETZ—and I think in the circumstances that is reasonable.

Senator MINCHIN—It will not appear, so we will not actually have for the purposes of the public record evidence that these reimbursements are occurring.

Mr Mrdak—Certainly, the department has systems which record the reimbursements. I will take on notice how they will be presented in our financial account, Senator.

Senator MINCHIN—I think that is important. For transparency and openness there needs to be a publicly available record that these reimbursements are occurring.

Senator ABETZ—Could we gratuitously suggest a footnote indicating that part of the lump sum reimbursement is from the Prime Minister for this child carer and the value of that reimbursement?

Senator Faulkner—I will certainly take that on board. I think it also ought to be made quite clear here in relation to this. I think it ought to be described in any such footnote, obviously, as a voluntary reimbursement, which is what this is. I think that needs to be stressed at this committee: this is a voluntary reimbursement by the Prime Minister and Ms Rein in these circumstances. I have said to the committee—and I think it is important that it is noted—that, of course, such a voluntary reimbursement is unprecedented in the Commonwealth. In these circumstances, I am surprised at the nature of one or two comments that have been made by committee members. But the issue that Senator Minchin and Senator Abetz have just raised in relation to ensuring an appropriate notation—or annotation might be a better way of describing it—I think is a reasonable comment to make and I am happy to take that up, and Mr Mrdak and the Secretary of the Department of the Prime Minister and Cabinet can do that. I make this point—and it is a serious point—to the senators at the table: this is in a sense uncharted waters, and I think it is critical for senators to understand this. No other Prime Minister has made such a reimbursement. It is voluntary. It is unprecedented and it is happening now. I think a little more generosity in this situation might well be extended to the Prime Minister and his wife, given the nature of these arrangements that were announced three months ago.

CHAIR—A brief question from Senator Murray, in the light of the time, and then I propose to go to Senator Trood and back to outcome group 3.

Senator MURRAY—Minister, you will be aware that there is a larger question that you have alluded to with your last remarks—that is, the whole question of remuneration, allowances and entitlements to not just the Prime Minister but ministers, officers and members and senators. I expect you recall that for many years I have campaigned on the belief that there should be a holistic review in this area. Minister, you may recall that a couple of times at least—maybe more than twice—I have put up motions asking that that holistic review occur with respect to all ranks of parliamentarians from the Prime Minister down to the newest member and senator.

On all occasions, those motions of mine, those recommendations, have been rejected. So I ask you, Minister, in light of the intense political interest—and, I suppose, media interest, judging by what we are seeing—in these matters: will your government revisit this area and consider referring the whole matter of salary and entitlements for prime ministers, ministers, public officers and members and senators to either the Remuneration Tribunal or an independent body? If that is to be done, I will put my prejudice firmly on the table: I think prime ministers and treasurers and others in this country are badly paid—extremely badly paid—and, frankly, judging by what has gone on today, are badly treated. In other countries of the world they would be better served. So that is my own particular prejudice. But my question to you is the large question: will your government reconsider this issue of having a holistic review in this area?

Senator Faulkner—Well, Senator, it has not been a high priority for the government—I can say this to you—in our first six months in office. Obviously these are matters that, regardless, fall within the jurisdiction of the Remuneration Tribunal. I do understand the general point that you make. I would make the point to you that, in terms of accountability,

obviously a critical, if not the critical, element in this is transparency about these sorts of issues. That is why I thought I reacted positively to the suggestion that Senator Minchin made.

There has also been a longstanding view in politics in this country that the families of politicians generally have not received the same sort of focus that the actual members and senators and ministers and, for that matter, prime ministers do. And I am acutely sensitive to the fact that, as was made clear earlier this year, the new Prime Minister having been elected last year involves—and there is very little consideration given to this—a family relocating from Brisbane to Canberra. It means very different security arrangements for the Prime Minister's family. It involved, in the case of Mr Rudd—and this is not something I think we ought to canvass at a committee like this—a change of school for the Prime Minister's younger son, as you would appreciate. The Prime Minister and his wife, I think, have been not only very transparent about the arrangements that were made in relation to the household assistant but, as I said, for the first time in our political history, have decided on a voluntary reimbursement because of the nature of some of the caring responsibilities that are undertaken by that household assistant. No-one listening to the evidence at this estimates committee would understand or perhaps would realise that there is this background to this particular situation, in amongst all—

Senator MURRAY—There is the larger issue.

Senator Faulkner—Of course—in amongst all the hyperbole and overblown rhetoric that we have heard.

Senator MURRAY—Minister, plainly you cannot give a commitment now, but I would ask you, on the record, if you would at least agree to reconsider this matter, which, on my motion, has been previously rejected several times in the past few years.

Senator Faulkner—I am happy to have a look at it again. Senator Murray, you have raised a number of issues in a previous hearing but also in this one when I have been a minister at the table and on many other occasions, when I have been on the other side of the table, and I have already indicated in relation to one matter you raised yesterday that I will have a serious look at that. And I will have another look at the issue you have just raised. I have to be honest with you and say that, at the moment, it is not a high priority for me or the government. But you have raised this in a serious way and I will certainly look at it again.

Senator MURRAY—The point I would make is this, Minister: whatever decision comes up in a review would affect future prime ministers and future ministers. It will only come into play in five years time. Really, it is about forward planning. It is not about sorting out Mr Rudd's issues. It is about the future. That is what I am on about.

Senator Faulkner—What I am suggesting to you is that that is fair enough. I do understand the point that you make. What I say to you also is: perhaps it is time for some balance to come into some of these sorts of discussions at committees like this, given the background. I think some of what I have heard today, frankly, just borders on the hysterical.

[2.41 pm]

CHAIR—We go back now to outcome group 3 and questions from Senator Trood.

Senator TROOD—I think I need some other officials.

CHAIR—I invite those witnesses back, if you want to proceed with your question, Senator Trood.

Senator Faulkner—Mr Lewis and officials are here, but only for a comparatively short time. We will do what we can to help you now, and if they have to come back they will come back.

Senator TROOD—Thank you, Minister.

Senator Faulkner—But hopefully we will be able to complete your line of questioning soon. We will let you know when we are a few minutes away from officials needing to leave, to assist you if we can.

Senator TROOD—Mr Lewis, when we were here in estimates in February I asked you a question on notice regarding the structure of the old National Security Division, the Office of National Security, and you gave me a response to that question. You basically said that various functions have been amalgamated and the office now consists of four branches. I just want to check that there has not been any change in that structure since you answered that question.

Mr Lewis—No, there has been no change to that four-branch structure that I described to you and we gave to you in the answer to the question on notice.

Senator TROOD—The branches have the same responsibilities as you advised me earlier in the year?

Mr Lewis—Yes.

Senator TROOD—Can you tell me in relation to the International Division whether or not there has been any change in the structure of that division since the election?

Mr Lewis—No, there has not been any change.

Senator TROOD—The responsibilities of that division have remained the same and the branch structure is the same. Is that correct?

Mr Lewis—That is correct. We have some changes coming up to the department at large, which were outlined by Mr Mrdak yesterday. One of those changes involves the creation of an international strategic policy unit. It will be a small group that will work directly with me. That is the only change in prospect in that regard. There is some other change that will likely be coming down the pike as part of these departmental changes that will relate to the Office of National Security, to do with the transfer of the responsibility for pandemic management. That will move from the Social Policy Division across to the Office of National Security. But that has not happened yet. That is just in prospect.

Senator TROOD—When do you expect that to be accomplished?

Mr Lewis—I think the date is 1 July.

Senator TROOD—How many officers are involved in that?

Mr Lewis—There are 13 officers involved in that transfer.

Senator TROOD—The office is preparing the national security statement. Is that correct?

Mr Lewis—That is correct.

Senator TROOD—Is that being done within the resources of the office or is there any outsourcing of the preparation?

Mr Lewis—It is being done entirely within the resources of the office. Obviously there is some outreach to get the product, but the actual work is being done within the office.

Senator TROOD—I see. How far from being concluded is that statement?

Mr Lewis—It is a matter for the government as to when. We have not finished the work yet. That is the first point I would make. Then it will be up to the government to decide on how to progress with the work once it is complete.

Senator TROOD—Do you have a time line as to when you think this might be?

Mr Lewis—No.

Senator TROOD—I acknowledge that it is a matter for the government as to when it is released. But I am wondering whether or not you have determined when you expect your own preparation of the statement to be concluded.

Mr Lewis—We will probably have concluded much of the work in perhaps the next month or so. But, as I say, it will be entirely up to the government as to where that work goes from there. It needs to be endorsed for starters, and then of course the handling of it from then is a matter for government.

Senator TROOD—Thank you. You are also preparing a homeland and border security review. That is correct, is it not?

Mr Lewis—There is a review going on within the Department of the Prime Minister and Cabinet into homeland and border security, yes.

Senator TROOD—Perhaps you will correct me if I am in error on this, but I thought last time we met that that review was in the process of being established. I do not know. We asked you who was going to lead the review and how many people were involved on it et cetera, but you were unable to give that information to us. Can you advise us of that now?

Mr Lewis—Yes, we can. The review is being led by Mr Ric Smith, a previous Secretary of the Department of Defence. I will get Mr Campbell, the head of the Office of National Security, to describe the rest of Mr Smith's team.

Mr Campbell—Mr Smith is the head of the review. He also has a special adviser and an administrative assistant. They form the core. In addition, three SES band 1 officers, three EL2 officers and one EL1 officer have been seconded into that team from agencies across the relevant areas of the Commonwealth.

Senator TROOD—Is there a date by which Mr Smith is expected to have concluded his work?

Mr Lewis—He is due to report on 30 June this year.

Senator TROOD—I think we also asked you about the terms of reference for this review. Are there formal terms of reference that are available to us?

Mr Lewis—There are formal terms of reference. I think the Prime Minister referred to those terms of reference in his public statements at the time that the review was announced. I

do not believe there is anything further—sorry, I will just correct that statement. The Prime Minister did not release the terms of reference. He spoke to them in a general sense when he was announcing the review. But the terms have not been released and there is no indication at this stage from government that they will be released.

Senator TROOD—Are you able to provide the committee with a copy of the terms?

Mr Lewis—I will have to take that on notice.

Senator TROOD—Would you mind doing that, please.

Mr Lewis—Certainly.

Senator TROOD—About Mr Smith's costs for this enterprise, on what basis is he being paid for his services?

Mr Lewis—I will get Mr Campbell to speak to this matter.

Mr Campbell—Mr Smith is on a contract.

Senator TROOD—Perhaps you could elaborate, Mr Campbell. Is it a time-determined contract? Is it a contract for services on the basis of hours worked? How is it structured?

Mr Campbell—It is a set fee for his engagement for the period of the review.

Senator TROOD—How much is it?

Mr Campbell—It is a set fee paid in five equal monthly instalments in arrears to a total value of \$90,000.

Senator TROOD—Does that include the costs of his assistants, the other two people you mentioned?

Mr Campbell—No, it does not.

Senator TROOD—That is an additional cost of the review. Is that correct?

Mr Campbell—That is correct.

Senator TROOD—What are those costs?

Mr Campbell—The special adviser's fee is paid at a rate of \$120 per hour but up to a limit of not more than \$60,000.

Senator TROOD—And the other person?

Mr Campbell—The administrative assistant is an APS4 on a contract engagement, so they would be paid at the rate of an APS4. I do not have that detail with me.

Senator TROOD—But that person is not a member of any department. They have been engaged from outside the Public Service. Is that right, Mr Campbell?

Mr Campbell—I will have to confirm that and come back to you.

Senator TROOD—Can you do that for me? And who is the special assistant?

Mr Campbell—That is a Mr Ian Cousins.

Senator TROOD—And the APS4?

Mr Campbell—We are going to check the details for the administrative assistant. We will be very quick, I think, about doing that.

Senator TROOD—Thank you. And you are going to check the terms of reference for me, is that right?

Mr Campbell—That is correct.

Senator MINCHIN—What is the government's intention with respect to this review? To whom is the review reporting? Will the report of the review be made public?

Mr Lewis—Mr Smith will be reporting to the Prime Minister with the review outcome. It is then, of course, up to the Prime Minister and the wider government as to what happens to the review from that point forward.

Senator MINCHIN—So there is no undertaking to make it public at this stage? That remains only a possibility.

Mr Lewis—Not that I am aware of. It would be up to the Prime Minister to decide what to do with the review from that point forward.

Senator TROOD—I want to ask some questions about the prime ministerial travel earlier in the year—his world trip. I realise there were some questions asked about that earlier in the day, but I just want to ask some question about the preparations for the trip. Can you tell us when preparations for that visit began?

Mr Lewis—I will just have to get Mr Leverett to the table.

Senator TROOD—I don't know whether you heard it or not, Mr Leverett, but my question was: when did preparation for this travel begin?

Mr Leverett—For the last trip, you mean?

Senator TROOD—For the Prime Minister's 17 day world trip.

Mr Leverett—It is very hard to put a precise date on that; it is an incremental thing. We first started having discussions with the office back in December about a range of potential visits, and that was one of those. Obviously, incrementally, that builds up until it becomes the focus and the next visit. So I really could not give a specific date.

Senator TROOD—I see. But towards the end of last year, you think.

Mr Leverett—The very embryonic stage was certainly in December, but the more serious work was probably around February.

Senator TROOD—I assume that in the process of this preparation there were discussions about places to go, issues to be pursued, who one might see, the timing of the trip and all of those kinds of things.

Mr Leverett—Correct.

Senator TROOD—So was the timing of the trip determined earlier on, or was that a moveable feast as well?

Mr Leverett—Both. I am sorry to be a bit contradictory there. Longer term plans for visits are developed but then, as you move into the detail, not all plans are achievable, particularly

in the sense that leaders' diaries do not always coincide. So while you might plan to do a particular thing, when you start to get into the detail you find that that is not possible at that particular time. So you start to adjust the plans. Some of the proposed visits back in December are now quite different to what they were then, for all sorts of reasons.

Senator TROOD—Were there any fixed points of reference—perhaps I can say it that way—that were determined at the very start of the trip and remained constant through the course of the preparations? For example, the Prime Minister went to London. Was that always intended to be part of the trip?

Mr Leverett—Of that particular trip, yes. I think that is the case, yes.

Senator TROOD—Were there any other points of call that the Prime Minister made that were determined from the very beginning and remained key parts of the trip?

Mr Leverett—When you say 'the very beginning', I am not sure I can go back to December. But certainly there were core elements of that visit which did include the United States, the United Kingdom and then other elements. As political and other developments occurred, other destinations were added to it.

Senator TROOD—Romania presumably became a possibility later on in the light of developments in Afghanistan.

Mr Leverett—Yes.

Senator TROOD—I assume you had advice from the Department of Foreign Affairs and Trade on the travel?

Mr Leverett—I personally did not. But I am part of the international division and these visits are planned with a two-pronged approach in the sense that the logistics and the arrangements I am responsible for and the policy Mr Borrowman and his other two branches are responsible for. I cannot answer for what discussions occurred in terms of objectives, outcomes and policy. In terms of the arrangements, when we get to the detail we deal very closely with the relevant embassies. But I did not have any detailed discussions with foreign affairs in the formative stages on the arrangements for the visits.

Senator TROOD—It was not your remit as it were, Mr Leverett?

Mr Leverett—Correct.

Senator TROOD—Mr Lewis, can you help us with this.

Mr Lewis—The way in which these visits are put together—and as I think Mr Leverett has explained to you—it is quite a complicated set of factors that go into what the final outcome is. The broad areas are the mechanics, the logistics part of it which Mr Leverett has explained and is responsible for. The second part is the more mercurial issue of the policy—although both parts are quite mercurial—and also just straight programming in terms of diaries, which is another important factor.

Senator TROOD—I presume you received some input or the views of DFAT as to the nature of the trip and who might be available, perhaps even suggestions as to where you might go. Would that be correct?

Mr Lewis—I think it would be true to say that we have discussions sufficiently frequently with DFAT that a specific discussion on that may not have been required under the circumstances. I do not recall particularly having a meeting or being engaged directly in that conversation. I think we are in sufficiently constant contact with the Department of Foreign Affairs and Trade and officers there to have a mutual understanding between us as to what was important and what was not and when various visits could or should be made.

Senator TROOD—I see. Mr Lewis, Beijing was obviously one of the highlights of the trip. Was it an objective early on that the Prime Minister would visit Beijing?

Mr Lewis—I might get Mr Borrowman to speak about that particular issue.

Mr Borrowman—In our forward thinking about the year, obviously a trip to North Asia was one of the aspects that we considered self-evident. We had originally considered that we would try and do a group of countries in July. That was based on indications that the Prime Minister of Japan would invite the Prime Minister to participate in an extension of the G8 meeting. That had come up when Prime Minister Abe mentioned that to then Prime Minister Howard in the margins of APEC. Our thinking was to build in a visit around July. But as Mr Leverett has—

Senator TROOD—Sorry, Mr Borrowman, this is the coming July?

Mr Borrowman—Yes, the coming July. Exactly. As Mr Leverett has said, this is very much an iterative process and movable feast, to mix my metaphors. In the course of discussions about this, it transpired that Japan could not accept a bilateral visit in July because it was—

Senator TROOD—I have not actually asked you about Japan, Mr Borrowman. I was asking about Beijing and whether or not it was a set point in the trip from very early on.

Mr Borrowman—Yes, I am trying to explain that it was done as a group of countries because we were thinking about North Asia.

Senator TROOD—I am grateful for your assistance, but perhaps if you could answer that question we might get to the further information you are volunteering. So Beijing was an objective on the trip from the very beginning, or at least early on in the maturing nature of the trip, is that right?

Mr Borrowman—A trip to countries of North Asia, including Beijing, was part of the forward planning for the year, yes.

Senator TROOD—So there was a plan to go to the countries of North Asia?

Mr Borrowman—That is correct.

Senator TROOD—That is more than China, obviously.

Mr Borrowman—Yes.

Senator TROOD—Was South Korea contemplated?

Mr Borrowman—Yes, South Korea was always part of the plan.

Senator TROOD—I see. Was Japan part of the plan?

Mr Borrowman—Yes.

Senator TROOD—Well now, the Prime Minister visited neither South Korea nor Japan. Why was that?

Mr Borrowman—As I said, we had contemplated doing these as a group of countries, simply because of geographic proximity. We had intended to do it in July around the G8. Japan could not accept a bilateral visit around the time of the G8 because of the loads on their system in the same way that, around the time of APEC, we had a very limited number of bilateral visits. Also, in the course of the early part of the year, the Prime Minister was invited to attend the Boao forum. That was earlier; that was in April. So, as part of the mix of things, China came forward.

Senator TROOD—Are you saying to the committee that the China visit being moved had an impact on the possibility of visiting Japan?

Mr Borrowman—Can you say that again please, Senator?

Senator TROOD—I understood you to say that the proposed visit to China was a movable one, but there was a date established for that, and the consequence for setting the date for China was that it affected the possibility of visiting Japan at that time.

Mr Borrowman—I find that hard to answer, as is obvious. It was not a consequential arrangement. As I said, we had thought to try and do them all in one, then that broke up because of the kind of considerations that Mr Leverett has outlined about the availability of countries, and China came forward. It then got built into a larger visit and eventuated as part of the visit that we know took place.

Senator TROOD—Perhaps you could tell me when it was resolved not to go and visit South Korea. Was that early on in the process or was that towards the maturing of the process of planning?

Mr Lewis—I do not think you can characterise it as a decision not to visit South Korea. Mr Borrowman has explained that there was an intention to visit North Asia at an early point in the planning, along with other parts of the world, other places in the world of importance. It happened that, because of the programming—the invitation to Boao—China moved forward. I do not think it is right to say that South Korea or any other place has dropped off the program, because the intention to travel to North Asia is an enduring one. It is just a matter of when you can pick these countries up, depending on the programming.

Senator TROOD—I understand that point, Mr Lewis. I imagine it is extraordinarily difficult trying to coordinate prime ministerial travel and to meet heads of state and heads of government during the course of that travel. I do not have any doubt about the complexity of that, but in the end the Prime Minister did not visit Japan and, at least on the public record, there are intimations that this caused a considerable amount of concern in Japan. I must say that, personally, I have had Japanese people express a similar view to me about this. Are you conscious of the concern that Japanese diplomats and the Japanese government have expressed to the government about the fact that the Prime Minister was unable to visit Japan at that time?

Mr Lewis—I have seen the commentary on it, yes.

Senator TROOD—You have seen the commentary. Does that suggest that there have been no formal or informal representations to the Prime Minister's office about this?

Mr Lewis—I am not aware of any formal representation, no.

Senator TROOD—So there have been no approaches from the Japanese embassy about it?

Mr Lewis—I am not familiar with any approach, if it has been made.

Senator TROOD—I see. What, in the end, is your explanation as to why Japan was not included in the trip?

Mr Lewis—You heard this morning—or was it last night?—the extent of that visit. A whole range of countries—I think five countries in total—were visited. I do not think it is unreasonable that there has to be a limit to how many places you can go to. The decision was taken to go to China on account of the invitation to the Boao forum. I think it is wrong to characterise the situation you are referring to now in this instance to Japan as having dropped off. As you are aware, visits to Japan are planned.

Senator TROOD—But for later in the year.

Mr Lewis—The week after next.

Senator TROOD—Later in the year.

Senator MINCHIN—Clearly, the Japanese government has made clear one way or the other its extreme concern about the fact that Mr Rudd spent four days in China on his first major trip and did not go to Japan. Can I ask, without going into the nature of the advice, whether—apart from providing advice to the Prime Minister on the implications of including a four-day visit to China on this first world trip and the implications of that for the relationship with Japan, which remains our major trading partner and a major security partner—advice on the implications was provided?

Mr Lewis—No.

Senator MINCHIN—Are you telling me that there was no consideration given to the implications for Australia's relationship with Japan of a four-day visit to China at that point in the world tour, given that the Prime Minister was not going to Japan?

Mr Lewis—I did not say there had been no consideration. I just said there was no advice provided to the Prime Minister.

Senator MINCHIN—Was there an understanding in the department that this would cause considerable angst in Japan?

Mr Lewis—I think there was an understanding that there would be. Whenever you plan visits you go to one country before another. There can be issues around it and I think around this particular case it was understood that there would obviously be some attention given to that. But again I go back to the point that it becomes at the end of the day a matter of programming and where one can put the visits together. That is what was done.

Senator MINCHIN—Given that you have acknowledged there was an understanding there would be concern on Japan's part, what actions were taken by either the Prime Minister or the department to seek to ameliorate those concerns at that point? For example, did the

Prime Minister call the Prime Minister of Japan and say: 'Look, I'm sorry, mate. I'd love to visit you in April but I just can't squeeze it in. I've got to spend four days in China.' What efforts were made to seek to ameliorate the concerns, which you acknowledge the department was aware of?

Mr Borrowman—Without making a comment on the weight to which you have attached to those concerns, obviously there is regular contact with Japan through our embassy and through the embassy here at all sorts of levels. So, to the extent that there may have been such concerns, they would have been addressed in that fashion. But that is more of a general comment without going into whether there were any specific such concerns. I am not aware of any.

Senator MINCHIN—When exactly did Mr Rudd first call the Prime Minister of Japan?

Mr Borrowman—That was, I think, the 14th of this month. I will check for you in the course of the next five minutes.

Senator MINCHIN—I would not mind having that confirmed. But can you at least confirm that certainly he did not call the Prime Minister of Japan prior to making his trip to China?

Mr Borrowman—That is correct.

Senator TROOD—Sorry, was that the first conversation—the first occasion that the Prime Minister had called the Prime Minister of Japan?

Mr Borrowman—It was the first occasion that there was a conversation between them, yes.

Senator TROOD—The first occasion there was a conversation between the two prime ministers?

Mr Borrowman—That is correct.

Senator TROOD—Since the election?

Mr Borrowman—That is correct.

Senator TROOD—In six months, virtually, there had been no direct communication between these two strong trading partners and security partners. Is that the situation?

Mr Borrowman—That is correct. There were several attempts made to set up phone calls but at both times at both ends we were never able to find a mutually convenient time for a call to take place.

Senator TROOD—Those efforts were around about the same time as when communication was finally effected and the telephone call finally took place?

Mr Borrowman—No.

Senator TROOD—You are not talking about the Prime Minister trying to make contact over the last three months or so, are you?

Mr Borrowman—I am talking about a period immediately after the election. It was one of a significant number of calls with foreign heads of state and government that we attempted to

make. Despite a number of attempts to do so, for scheduling reasons at both ends the call did not eventuate.

Senator TROOD—But it was not important enough for Prime Minister Rudd to persevere with his efforts to try and make contact with the Prime Minister of Japan.

Mr Borrowman—That is a value judgement. I cannot comment on it.

Senator TROOD—You have told us that the first time he spoke to the Prime Minister was comparatively recently in his prime ministership.

Mr Borrowman—That is correct.

Senator ABETZ—Straight after the election, attempts were made to communicate with the Japanese Prime Minister, you are telling us?

Mr Borrowman—Yes.

Senator ABETZ—And, for whatever reason, they could not take place. When was the last effort made—immediately after the election in that post-election euphoria—to make contact? What was the gap from that last effort up until—was it May 14?—when a further effort was made to make contact? There was quite a hiatus period, wasn't there, of about five months?

Mr Borrowman—The last attempt was in January. We made efforts between November and January to line up the call.

Senator ABETZ—What date in January?

Mr Borrowman—The last time we had discussion about this was 10 January.

Senator ABETZ—So 10 January, 10 February, 10 March, 10 April, 10 May and a few more days—over four months we did not bother following it up with our major trading partner? That is a foreign affairs expert for you.

Senator TROOD—How long was the conversation which took place when contact was finally made between the two?

Mr Borrowman—I do not know. If you want to know I can make inquiries for you.

Senator TROOD—I see. January 10 was the most recent contact prior to the eventual conversation. So all of the time in the latter part of January and early February when there were some difficulties in the bilateral relationship over whaling et cetera, there was no effort by the Australian Prime Minister to contact Japanese Prime Minister?

Mr Lewis—Mr Borrowman has just explained the date. The last occasion was 10 January.

Senator TROOD—I see. Mr Borrowman, did you say the visit will now take place the week after next?

Mr Borrowman—That is correct.

Senator TROOD—How long will that be?

Mr Borrowman—The Prime Minister is going to visit Japan and Indonesia from 8 June to 14 June. He will be in Japan from the eighth until 12th and then in Indonesia from the 12th to the 14th.

Senator TROOD—Thank you. How are we going for time, Minister?

Senator Faulkner—I will ask officials. Would you be able to complete your line of questioning in about five minutes?

Senator TROOD—Possibly.

Senator Faulkner—Thank you.

Senator TROOD—I want to ask some questions, insofar as they relate to the Prime Minister's office, regarding whaling and the matter of prosecuting international litigation about Japanese whaling.

Senator Faulkner—We do not have the relevant officials here for that.

Senator TROOD—Do we have the whaling experts, or the legal people?

Senator Faulkner—Mr Lewis and Mr Borrowman cannot help you on that; we will see whether we can find some other officials who can. Before you go on—I am happy to come back to that—are there any other questions for these gentlemen before they depart?

Senator TROOD—I had a question that perhaps I should have asked Mr Leverett earlier. Mr Leverett, I will not keep you very much longer, but you may be needed on this matter. In relation to your logistical responsibilities for the Prime Minister's travel, during the course of the Prime Minister's peregrinations, there was, according to a report in the *Australian*, an urgent SOS sent out by the Prime Minister to the Secretary of the Department of Foreign Affairs and Trade, Mr L'Estrange, to join the convoy, in Romania I think it was. Was Mr L'Estrange intended to be included in the party that travelled overseas?

Mr Lewis—I might get Mr Borrowman to take that.

Senator TROOD—You are always in the hot seat, Mr Borrowman!

Mr Borrowman—I understand that the decision to ask Mr L'Estrange to join the party was in fact taken before the party left Australia, but Mr L'Estrange was not able to join the party at that point, hence he joined us in the course of the visit.

Senator TROOD—So it was always intended that he would be a member of the travelling party but he was unable to be there until part of the way through. Is that the plan?

Mr Borrowman—You say 'always'. I do not know how long 'always' is, but certainly before we left Australia we were advised that Mr L'Estrange would be part of the party. As I say, he could not immediately join us.

Senator TROOD—He would be joining you later on.

Mr Borrowman—That is correct.

Senator TROOD—I see. Were arrangements made for his travel in contemplation of his joining the party later on?

Mr Lewis—I do not think we would know that. I imagine his own department would have made arrangements for him—to join the party, do you mean?

Senator TROOD—Yes.

Mr Lewis—I think that would be done by his department. I am sorry, we cannot answer that.

Senator TROOD—Is that right, Mr Leverett?

Mr Leverett—That is correct, yes.

Senator TROOD—Does it follow from that that any costs associated with his travel were met by the Department of Foreign Affairs and Trade?

Mr Leverett—Any commercial costs would be met by the Department of Foreign Affairs and Trade. He subsequently travelled on the RAAF BBJ, and therefore—

Senator TROOD—Yes, but to get there he had to travel on commercial airlines.

Mr Leverett—Correct, and Foreign Affairs would pay that.

Senator TROOD—I see. And that was always intended to be the case?

Mr Leverett—To my knowledge, yes.

Senator TROOD—And that cost was met by the Department of Foreign Affairs and Trade?

Mr Leverett—Yes.

Senator TROOD—I guess I can ask the Department of Foreign Affairs and Trade about that next week, when you will no doubt be present, Senator Faulkner.

Senator Faulkner—I will be present, Senator. I wish I could say I was looking forward to it. I am sure I will be by then.

Senator TROOD—I am sure you will be, too.

Senator FIERRAVANTI-WELLS—We won't be there, Senator Faulkner.

Senator TROOD—I do want to ask some questions about whaling and the international litigation. But I think I have probably asked as many questions as I need to of these officials at the moment.

Senator Faulkner—I really appreciate your cooperation on that, and so do the officials, so that they can attend the NSC. It is appreciated. We will try and deal with your—

Senator TROOD—Perhaps you would let the committee chair know when that might be possible.

Senator Faulkner—I will need to seek some advice from Mr Mrdak or other officials as to who we might need to assist you in this. I do know that Mr Borrowman and Mr Lewis are perhaps not able to on this issue of whaling.

Mr Mrdak—Perhaps, Senator, if I could catch up with you at the afternoon tea break, or something like that, and get an idea of the sorts of areas you want to cover. They may belong to other portfolios rather than ourselves. But I would be more than happy to assist out-of-session if that would help.

Senator TROOD—Thank you, Mr Mrdak. That would be most helpful.

CHAIR—Thank you for making yourself available. I believe that from here we go back to the outcome related to the Prime Minister's official residences. Is that correct? Are there more questions on that?

Senator FIERRAVANTI-WELLS—Yes.

Senator Faulkner—Apart from this one issue that is going to be dealt with by Senator Trood in the margins of the committee, does that mean we have now completed output 3 and output 4?

CHAIR—Senator Murray wants to come back to output 4. Are there any further questions on output 3?

Senator MINCHIN—I assume this is a question for the minister, so I do not think we need officials. It goes to our interesting discussion about election promises. My recollection is that the government made two specific promises in this area. They were to establish a department of homeland security and to establish an Australian coastguard. Is that an accurate reflection of mine?

Senator Faulkner—I am aware of the two issues that you have raised and of work that has been undertaken within government in relation to those two matters.

Senator MINCHIN—My first question is as to their status. Were they Labor Party election campaign promises?

Senator Faulkner—As I said, I am aware of the issues. I tabled a document yesterday—

Senator MINCHIN—Are you saying you do not know whether they were promises?

Senator Faulkner—I am aware of those issues being raised in the campaign. You will note in relation to the document that I tabled yesterday that, if they are contained within there, they will have the status of campaign promises. I will need to check that document myself. But I certainly know of the two issues and of the process surrounding them in relation to the review that has been established. I might just ask officials if we can give you a status report on that and tell you where that is up to.

Senator MINCHIN—I am conscious of your government's deep commitment to honouring your promises! I have to say I am surprised you are not prepared to acknowledge—

Senator ABETZ—Be careful: *Hansard* does not pick up irony!

Senator MINCHIN—Right; sorry. I am surprised that you appear not to be able to inform the committee as to exactly whether these two issues were promises. I think the general public understands them to be promises, and that is fine.

Senator Faulkner—Senator, that is fine, but I am trying to give you some information. You would be aware of Mr Smith's review.

Senator MINCHIN—That is what I am trying to get at. It is possible that these promises which are officially in suspension as a result of that review may not be proceeded with as campaign promises, pending the outcome of this review.

Senator Faulkner—Certainly no action has been taken, pending the outcome of the review. If it will assist you, I will see if I can ask an official to give you a status report on where the review is up to.

Senator MINCHIN—I would like to know what the situation is with those two items.

Senator Faulkner—I appreciate that.

Senator MINCHIN—There is no hidden agenda here. I am just trying to work out whether those promises are in suspension, pending the outcome of this review. In other words, is this review looking specifically at those two issues and making recommendations to the government?

Senator Faulkner—That is certainly my understanding. You would appreciate that a department of homeland security has not been established.

Senator MINCHIN—Yes. I have noticed that.

Senator Faulkner—My understanding is that those two matters are being examined in Mr Smith's review. I would just like to check that that is the case. Can you confirm that, Mr Mrdak?

Mr Mrdak—Yes.

Senator Faulkner—It is certainly Mr Mrdak's understanding as well. If it would assist you, Senator, I am happy to see if we can have an official give you a status report on where that review is up to.

Senator MINCHIN—No. That is okay. I am just trying to determine that it remains possible that the government will not proceed with those promises, pending the outcome of this review.

Senator Faulkner—As I understand it, the issues of the promises as you describe them—and I am happy to use your nomenclature—are subject to the review. The government awaits Mr Smith's report, which will deal with both those issues.

Senator MINCHIN—Thank you, Minister.

[3.25 pm]

CHAIR—Outcome 3 is completed, so those departmental officials are no longer required. We thank them for their contribution. We now go back to item 5.3, which is the Prime Minister's official residence.

Senator RONALDSON—Before Senator Fierravanti-Wells begins her questions, I wish to go back to 5.1 at some stage as well. I thought I should indicate to you that I do need to go back to that.

CHAIR—What I was suggesting earlier was that we deal with the Prime Minister's official residence and then go back to output 4 so that we can continue down the list.

Senator Faulkner—Senator, we will make sure that officials relating to the whole of output 5 are present so that we can assist you as the work of the committee evolves.

Senator FIERRAVANTI-WELLS—Minister, I want to ask you some questions about the Easter long weekend, because the *Weekend Australian* reported that it got off to a less than relaxing start for the Prime Minister when there was a fire at The Lodge. Can you tell us a little bit about that? What happened?

Senator Faulkner—I cannot, but I am sure someone can, if there was a fire at The Lodge. I was not there.

Mr Mrdak—I am advised that there was a small fire in the kitchen caused by some cooking product which was left on the stove.

Senator FIERRAVANTI-WELLS—One of the chefs! Or maybe the household assistant had to go off and watch the children or take out the dog or something like that. I am just being facetious, for the record.

Senator Faulkner—You have made a habit of being facetious for the record. You have not broken your duck yet, so that is good.

Mr Mrdak—That was small fire caused by a cooking product left on the stove.

Senator FIERRAVANTI-WELLS—Was there any substantial damage?

Mr Mrdak—Not that I am aware of, no.

Senator FIERRAVANTI-WELLS—You might take that on notice and give us some details of it and just see if there was any damage.

Senator Faulkner—We will see whether we can provide an answer for you without taking it on notice.

Mr Mrdak—I am told that there was no substantive damage. There was one fire blanket utilised, which then had to be replaced.

Senator FIERRAVANTI-WELLS—Right. I have more questions on the residences. Can I continue on that?

Senator ABETZ—I am wondering whether we were going to find out who used the fire blanket.

CHAIR—Have you got a question?

Senator FIERRAVANTI-WELLS—Yes, I do. This question pertains to The Lodge, so I will ask it in this section. I read with interest in the *Sunday Telegraph* on 23 March 2008 about a meeting at The Lodge, Senator Faulkner. The article begins:

The powerful Maritime Union of Australia is beginning to flex its industrial muscle after a successful meeting with Prime Minister Kevin Rudd at The Lodge in Canberra on Australia Day.

Do you know anything about that?

Senator Faulkner—No, I do not. I was in Canberra on Australia Day, but—and this might come as a shock to you, Senator—I was not at a meeting with the MUA on Australia Day.

Senator MURRAY—How lucky you are.

Senator Faulkner—So you are not shocked.

Senator MINCHIN—You really would need to get a life.

Senator FIERRAVANTI-WELLS—The Prime Minister may have to get a life. It is quite telling, isn't it, Minister Faulkner, that on Australia Day he actually had a meeting with the MUA at The Lodge in Canberra. This says a lot about the direction of where this government is going. I read some of the issues here and I would like to put them to you to clarify or to at least tell me—

Senator Faulkner—I may struggle to do so, Senator, because, until you mentioned it, I did not even know there was a meeting at The Lodge. I do not know of its status. I do not in fact even know if it is right.

Senator FIERRAVANTI-WELLS—Perhaps I might go on? The report said there was a leaked union strategy document marked ‘confidential’ which reveals:

... the MUA believes it has ‘strong support’ from Mr Rudd and plans to push for new industrial relations arrangements that will drive up inflation.

And what it does—

Senator Faulkner—Sorry. I think I can help you.

Senator FIERRAVANTI-WELLS—Can you? I knew you would be able to help me, Senator Faulkner.

Senator Faulkner—Where I can, I will certainly help you. In fact there was a reception to celebrate Australia Day—not surprisingly, occurring on Australia Day—at the Lodge in Canberra. I think that might be the function you are referring to.

Senator FIERRAVANTI-WELLS—All right. It was a reception, was it?

Senator Faulkner—It was.

Senator FIERRAVANTI-WELLS—Was it held in the morning, the afternoon or the evening?

Senator Faulkner—I do not know the answer to that question but I will see if any of our officials can assist you as to when precisely it was held.

Senator FIERRAVANTI-WELLS—Can you tell me the number of guests who attended the function?

Senator Faulkner—We will come to that. Let us first of all try and deal with the time.

Mr Mrdak—I am advised it was an evening function at 5.30 pm. It was the official Australia Day reception hosted by the Prime Minister which included a range of guests. We would be happy to provide, subject to the minister’s agreement, details of the attendance at that official function.

Senator FIERRAVANTI-WELLS—Do we know the number of guests?

Senator Faulkner—I have a list here. I would say it was approximately 120 to 125 people.

Senator FIERRAVANTI-WELLS—I will ask the question for the record. I know what the answer will be. Are you able to tell us who attended the function?

Senator Faulkner—As you would appreciate, there has been a longstanding view at this committee that information in relation to attendees and costs of functions at the Lodge and Kirribilli House has not been provided. I have given that matter some thought and discussed it with the Prime Minister and the Prime Minister’s office. I believe that, in the interests of transparency, a new approach might be adopted. I point out to you that this did not and would not have happened during the life of the previous government. But I want to put some caveats around this and draw a distinction—which I hope that you would acknowledge is an

important distinction—between these sorts of functions and obviously private functions, if you like, in other words family—

Senator FIERRAVANTI-WELLS—Yes. This is an Australia Day official function.

Senator Faulkner—I appreciate that, but it is a fact of life that the information in relation to these functions has not been made available in the past. In the circumstances, I think a new approach is warranted in relation to official functions. I hope the committee would agree that private dinners and the like are in a very different category. One of the issues that arises is how one defines an official function or a non-official function. I think that is very simply and easily done, because effectively an official function is one where CERHOS and the Department of the Prime Minister and Cabinet have an organising role, as opposed to a private dinner if Mr Rudd were to invite myself or Senator Minchin for dinner one night. I only mentioned that because I used to regularly talk about such matters in relation to my invitation from Mr Howard which was, unexpectedly, never forthcoming!

Senator FIERRAVANTI-WELLS—One would hope it is coming now at least.

Senator Faulkner—I doubt it, Senator. The approach that I am going to take with functions of this nature—these official functions—is that I think the committee are entitled to guest lists to these functions. I think the committee are entitled to be made aware of the costs of those sorts of functions. I have indicated how that is appropriately defined. I note again that the provision of this sort of information is unprecedented in terms of this committee. I hope the committee would acknowledge that, and I have asked the department to do it from the commencement of calendar year 2008, so, obviously, in relation to these official functions. If asked to, I have indicated that I would be prepared to do two things: provide a guest list in these instances and provide costs in relation to these functions.

As a result of that, I will table for the benefit of the committee those who attended the reception to celebrate Australia Day 2008, which includes a small number of individuals from trade unions. It also includes the Australia Day corporate sponsors; National Australia Day Council Board; a range of organisations; departmental secretaries; a couple of members and senators; the Chief of the Defence Force; a substantial representation from the diplomatic core, which is available for your information; charges d'affaires and acting high commissioners; the Premier; the Chief Minister of the ACT; and, of course, Mr Rudd and Ms Rein were the hosts on this occasion.

In tabling this document, I point out to you that this information has not been made available previously. I would intend to make it available for these functions on the basis that I have outlined. I would hope you would agree that it is a significant step forward in terms of transparency at this committee.

Senator FIERRAVANTI-WELLS—Thank you, Senator. So do I take it that, since the beginning of 2008, this is the only official function—

Senator Faulkner—No, Senator; I would not take that. I have just indicated that I have indicated to the department—I hope I have indicated to the department; I would hope it was passed on to the department; it has been—that from 1 January 2008 this information would be provided, and it might be able to be provided more regularly to the committee. I will talk to

the department about the provision of this information on a half-financial year basis or a six-monthly basis.

Senator FIERRAVANTI-WELLS—If you could take on notice any official functions—the same situation: a guest list and cost from the beginning of 2008.

Senator Faulkner—You would have to appreciate—I do not know whether the costs are available in relation to this function; they may well be—

Senator FIERRAVANTI-WELLS—Of course; the time lag.

Senator Faulkner—that there is a lag time in relation to some of this information.

Senator FIERRAVANTI-WELLS—I accept that.

Senator Faulkner—But, nevertheless, I say to you: it is a very significant step forward in transparency and something that would never have been contemplated by our predecessors.

Senator MURRAY—Minister, I have only been to the Lodge once, but I feel as if I have been to it many times with you and Senator Ray. I know every step, every tile and every saucepan, I think. But my impression of the Lodge was that it was pretty poor from the point of view of non-family accommodation—in other words, guest accommodation—and from the point of view of public entertaining as opposed to private dining. Is there any intention to get bipartisan support for an upgrade of the Lodge—with those views in mind?

Senator Faulkner—Senator, I understand why you ask the question. I hope you would acknowledge that my decision here today to table this information is a significant step forward in transparency about events at the Lodge.

Senator MURRAY—It is an excellent decision. The *Hansard* did not record my nodding. If the *Hansard* would record my nodding, it can.

Senator Faulkner—I appreciate those positive comments and I understand why you make the comment you do about bipartisan support.

Senator MURRAY—It will not work otherwise, will it?

Senator Faulkner—I understand that point and, like two other matters that you have raised at the committee, I am happy to give that some consideration outside the committee, Senator. It would probably mean a different examination of the estimates of the official establishment than, for example, we have seen today or has happened in the past. I will take that on board. But obviously it is not just a matter for government in this instance. It would also be a matter for the opposition. If Senator Minchin or Senator Ronaldson would care to have a conversation with me about that or, for that matter, any other matter, of course my door is always open to hear from colleagues on this issue.

I do understand why you make the point that you do, but I would say to you that obviously bipartisanship on these sorts of issues is hard to achieve. That is not a criticism of people engaged in the political process. We all understand how it works. My view is we just try to keep it within reasonable bounds. I have always understood—I think you would have to acknowledge at this committee—that a Prime Minister lives in an official establishment. I have always understood that. I have also always tried to have prime ministers' families off

limits. I do not think anyone can criticise me personally in regard to questioning I have made about official establishments in those areas.

Senator MURRAY—Minister, don't you agree that the nature of the Lodge reflects on the reputation and status of Australia when it is used for official functions, particularly with regard to foreign visitors? It is in that context that I raise it. My impression is that it is a bit worn and outdated, and a bit limited. That is why I raise it. I have seen criticisms in the media and heard criticisms that it is not a place that really befits Australia's First World status.

Senator Faulkner—I do understand the point that you make. I am certainly happy to pass the suggestion that you have made directly to the Prime Minister. I think that is probably the best way of dealing with it.

Senator MURRAY—Yes. But I agree that bipartisanship has to be a precondition, otherwise it just will not work.

Senator MINCHIN—Can I just say for the record, given Senator Murray is leaving us, I want to support what he says, as someone who has been visiting the Lodge regularly for many, many years. It is an inadequate public building. The trouble is that there is no public appetite whatsoever—I believe—for enhancing the accommodation of the Prime Minister. While bipartisanship would be a condition precedent to doing anything—and, if the government wants to talk to us, I am sure we would be happy to discuss the matter with them—my assessment of the public's view of these matters is that you would not get very far.

Senator FIERRAVANTI-WELLS—It is under the Historic Houses Trust, if I am not mistaken, isn't it?

Senator Faulkner—No. I think the Historic Houses Trust is an entity that operates within the state of New South Wales. It certainly has very significant heritage values. I do not have ministerial responsibility for heritage anymore but in another life I did. Certainly the Lodge, as I am sure all the senators at this committee realise, does have very great heritage values. It is a very significant structure and part of the national estate. It is a very important building in our national history and our national story. If there are to be changes to these buildings, every piece of work on these buildings has to be done, as I understand it—and as is true with Kirribilli House, which of course is itself an older building with very high heritage values as well—ensuring that those heritage values are protected and defended. That is an important role for governments of any political colour.

Senator FIERRAVANTI-WELLS—Fantastic. And that increases the cost.

Mr Farmer—Yes.

Senator RONALDSON—I think I should put on the public record that I do not think that the case for change has been made. I do respect Senator Murray's views in relation to this, but I do not think there has been a case for change made to date.

Proceedings suspended from 3.46 pm to 4.06 pm

CHAIR—Welcome back, everyone. Are there any further questions on the Prime Minister's official residence?

Senator FIERRAVANTI-WELLS—Yes. Thank you, Minister, for this informative list. I notice that the gentlemen I mentioned, the MUA National Secretary, Mr Crumlin, did attend the function.

Senator Faulkner—That is true. I do not have the list any more because I tabled it but, yes, I did see his name on the list.

Senator FIERRAVANTI-WELLS—Let me just take you back to before we were interrupted. Yes, we have established that he attended the Lodge on Australia Day. This article goes on to say:

A leaked union strategy document marked “confidential” reveals the MUA believes it has “strong support” from Mr Rudd and plans to push for new industrial relations arrangements that will drive up inflation.

The article continues:

The union wants a return to “pattern bargaining”, a technique to negotiate increased wages and conditions. However, opponents of pattern bargaining say it would also increase inflation and interest rates. The document also reveals plans to pressure employers into watering down tests that “penalise” workers with a recreational cannabis habit.

So this is the content of this leaked document.

MUA national secretary Paddy Crumlin met Mr Rudd in Canberra where, according to the document, the Prime Minister agreed to give the union access to personal security information collected by the Government on so-called “scabs” crewing non-union ships.

My question to you is: having established that Mr Crumlin did attend the Lodge on Australia Day, was there a meeting in addition to his attendance at this reception? Was there a separate meeting? Who attended this meeting, or was it held in front of the 135 guests?

Senator Faulkner—I do not know if it was done at all. I am not aware of any meeting. I do not even know whether the Prime Minister had a conversation with the aforementioned Mr Crumlin or not. All I can do in relation to that, having provided you with the information, is take it on notice, unless one of the officials beside me or behind me is able to assist you. But I certainly cannot and I do not think you would expect me to be able to.

Senator FIERRAVANTI-WELLS—No.

Senator Faulkner—Before I take the question on notice, let me check with the officials to see if we can provide an anymore detailed response to you. The deputy secretary of PM&C informs me that PM&C do not have any information on this at all. Senator, all I can do in this circumstance is take it on notice. It may be that the document that you tabled at the committee, which is something that has never occurred before, is one reason why the article appeared. I do not know. I cannot comment on that. I will take your question on notice.

Senator FIERRAVANTI-WELLS—I am not suggesting one way or the other. I am really only going on what I have read in the press. My line of questioning is that the document you tabled simply confirms that Mr Crumlin was actually at The Lodge on Australia Day, ostensibly to attend a reception. There are two aspects to my question—

Senator Faulkner—Not ostensibly, Senator. This is important use of language. What I have tabled are the attendees at that reception at The Lodge on Australia Day 2008, just so we can be clear about that.

Senator FIERRAVANTI-WELLS—Thank you. The article says:

‘The National Secretary was invited to The Lodge by the Prime Minister on Australia Day, which in itself was an extraordinary turn-around since the last one,’ the document says.

It also—

Senator Faulkner—Let’s just stop there. Clearly, in this instance—though advice from CERHOS would be appreciated just to correct me if I am wrong—Mr Crumlin would have received an official invitation to this function. I think we can say that.

Mr Mrdak—Yes.

Senator FIERRAVANTI-WELLS—I am quoting from the article which quotes from this document and then I will come to my question.

Senator Faulkner—I thought you wanted me to try and confirm whether—

Senator FIERRAVANTI-WELLS—No, it is a preface to my question. The article goes on to quote again from this document:

‘It also took the opportunity to inform him of the situation, and he undertook to look into the matter with relevant Ministers as a matter of urgency.’

Was there a meeting? I would appreciate if you could investigate whether there was a meeting. If there was a meeting, who attended that meeting? What follow-up was there in relation to that meeting? It is very clear from this document that the Prime Minister is alleged to have given some sort of undertaking to Mr Crumlin to look into some very serious matters. Given the sort of questioning from Senator Minchin earlier, these are serious matters. Here we have the National Secretary of the MUA, through a document that purports to come from the MUA, talking about secret union deals. That is the headline of the article: ‘Evidence MUA has “confidential” agreement with Rudd to impose WA boom levels of pay nationwide.’ That is a very serious matter and it supposedly reflects a meeting that occurred on Australia Day at The Lodge. I think that is a very serious matter that the public need to know about. Can I also add, with the benefit of the document that you have tabled, that I also notice that there were—and I will not name them—one, two, three, four, five, six, seven, eight, nine other unionists attending that reception—

Senator Faulkner—Yes, that is true, and how many nonunionists, would you say?

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

Senator Faulkner—A hundred odd?

Senator FIERRAVANTI-WELLS—I am not putting my question on the basis of the fact that they were invited or not.

Senator Faulkner—I was worried, you see, that we will have someone suggesting that it was not a representative gathering because a much higher proportion of adult Australians are members of trade unions than the proportion of trade unionists that attended the reception to celebrate Australia Day. But you may not have been intending to make that point.

Senator FIERRAVANTI-WELLS—No, I was not. My point—

Senator Faulkner—Okay.

Senator RONALDSON—You saved me the question.

Senator FIFIELD—As a proportion of the Australians who attended, given that a majority of those who attended were not Australians, it probably is a disproportionate representation.

Senator FIERRAVANTI-WELLS—My question does not go to that, Senator Faulkner. My question goes to the fact that, if you have 10 prominent unionists there, it does lend some credence to there having been—whether parallel to or after the reception or before the reception—some sort of secret meeting which did result in some sort of secret union deal.

Senator Faulkner—Can I suggest to you that it is always best at committees like this to deal with the realities as opposed to some wild conspiracy theory that you might have.

Senator FIERRAVANTI-WELLS—No, I am not—

Senator Faulkner—I have already taken it on notice, but, just so you can be assured, you do know who attended the reception. It is true that Mr Crumlin was there. I am not able to give you any information at all about whether there was a meeting, which seems unlikely in the circumstances, or, if there was, who attended, and, again, in this massive hypothetical, whether there was any follow-up. But I have said before, and I will say it again to you, Senator: even though I am in no position to comment, I will take that on notice. I cannot do any better than that for you. More information has been provided today about events at the official establishments, Kirribilli House and the Lodge, than has ever been provided in the history of this estimates committee.

Senator RONALDSON—There have never been as many questions on that.

Senator Faulkner—That is actually not true.

Senator JACINTA COLLINS—I don't know about that!

Senator Faulkner—That is not true, Senator, but I cannot confirm, and I do not think you would be able to expect me to confirm, any of these claims—and I am using 'claims' generously because, as you know, I am a generous person. I could use the terminology 'wild conspiracy theory', but I am not; I am just using the terminology 'claims'. I cannot confirm any of the claims that Senator Fierravanti-Wells has asked about.

Senator FIERRAVANTI-WELLS—Just for the record, I quoted from an article in a newspaper. These are not my alleged wild claims, as you are saying, Senator. I am quoting a Glenn Milne article in the *Sunday Telegraph* of 23 March 2008, and he uses quotes. I will endeavour to get a clean copy of this for you, but these are not wild assertions.

Senator Faulkner—There is no need. The reference is helpful.

Senator FIERRAVANTI-WELLS—Might I suggest that you go and read that, and not say that this is a wild—

Senator Faulkner—That does not mean—just because it was printed in the *Australian* newspaper—that it is actually necessarily accurate, with all due respect to Mr Milne and all the other members of the fourth estate in the building.

Senator FIERRAVANTI-WELLS—I think I was careful in my choice of language. It was ‘alleged’ and ‘assertions’, and I put it on that basis, but I am sure that you—

Senator Faulkner—And you are right. I am treating them at this stage as unsubstantiated claims, but I have indicated to you, and I will say this now for the third time, that I will take those questions on notice, which I think is appropriate in the circumstances.

Senator FIERRAVANTI-WELLS—And could you also indicate to this committee whether the Prime Minister or his department actually has a copy of this document—whether a copy of this document alleged in this article has been provided to the Prime Minister.

Senator Faulkner—I will ask Mr Mrdak if he can assist you now in relation to the question that you direct to the Department of the Prime Minister and Cabinet, and I will come back to the Prime Minister in a moment. But I will ask Mr Mrdak if he can assist you.

Mr Mrdak—We have no knowledge of any such document.

Senator FIERRAVANTI-WELLS—Thank you. I will wait for the answers to the question.

Senator Faulkner—I have no knowledge of any such document, but I will check with the Prime Minister if he has any knowledge of any such document.

Senator RONALDSON—Minister, just so I am absolutely clear, the government is emphatically denying the allegation put that there was a private meeting between the Prime Minister and Mr Crumlin on the days outlined by Senator Fierravanti-Wells; is that what is being said?

Senator Faulkner—What I have said I will do is take the questions that Senator Fierravanti-Wells has raised on notice. An answer will be provided to the committee. I think that is pretty reasonable in the circumstances.

Senator RONALDSON—If it was a wild goose chase, wouldn’t you just be saying, ‘This is absolute rubbish; of course it didn’t take place?’ One minute it is a wild goose chase and the next minute it is deserving of a formal response. Is it a wild goose chase, therefore not deserving of a response, or are you not in a position to deny the allegation that has been put to you by my Senate colleague?

Senator Faulkner—With all due respect to you, if I were to adopt a view at this committee—or if any of my colleagues were to adopt a view at estimates committees—that ridiculous questions asked by senators were ruled out, that I will not even consider taking a matter on notice because I happen to think it is a wild claim, then I think you and other senators would rightly react badly. I cannot answer the questions that are asked. I would be amazed if you expected me to be able to answer the questions asked. I was not at the function. I have no knowledge of the issues raised. I had not had my attention drawn to the article in the newspaper. The Department of the Prime Minister and Cabinet does not have a copy of any such document. What does one do in this circumstance? You either try to be respectful about the questioner and the question asked, even though I think its status is that they are claims—and I have used that term deliberately. These claims can be checked out by the way of a mechanism of a question on notice. That is what is appropriate for me to do. It is not appropriate for me to say, ‘Look, I think these are just unsubstantiated claims so I will not

take the question on notice.' If I were to do that, Senator, you would go ballistic, so I am not doing that. I am doing the right thing, so I suggest we just move on.

Senator RONALDSON—You effectively sneered at the line of questioning.

Senator Faulkner—I suggest we just move on, Senator. I have taken the question on notice.

Senator RONALDSON—I suggest that I have not finished yet.

Senator Faulkner—Oh, all right.

Senator RONALDSON—I put it to you that you were effectively sneering at the questioning. On what basis were you sneering? Was it because you can emphatically deny the allegations or not?

Senator Faulkner—I am pointing out, Senator, that they are nothing other than allegations or unsubstantiated claims. They are not facts. There is no evidence to suggest any of this has occurred, but I have taken it on notice so we can check.

Senator RONALDSON—Nor have they been denied by you.

Senator Faulkner—I just indicated the situation to you. I will run it round the track again. If you have a look at the list of attendees at the reception at the Lodge on Australia Day, you will not see my name there. I was not there. I was not at any such alleged meeting. I do not know of any such meeting. I have no idea if a meeting occurred or, if it did, who attended. As a result, I have taken the question on notice. But I do not jump to the conclusion for one nanosecond that, necessarily, any of the claims are accurate. We will establish what we can and we have a mechanism to do that by a question on notice. It is stock standard procedure. It has been used at estimates committees like this since Adam was a boy. Why don't we just move on?

Senator FIERRAVANTI-WELLS—It beggars belief, with a government that has spent more than \$1.5 million in media monitoring since it has come to office, that you come here and say, 'I'm not aware of an article that is blaringly saying "secret union deal",' in circumstances where it is fair to say that there is some sensitivity in the public about the government's involvement with the union movement. I put it on that basis in as neutral a term as I can. It beggars belief that you come along here and say, 'I haven't even seen it.'

Senator Faulkner—What is the date of the article?

Senator FIERRAVANTI-WELLS—It is 23 March 2008.

Senator Faulkner—Thank you. This folder in front of me is a substantial briefing on the Prime Minister and Cabinet portfolio with departmental elements on Senate estimates. I can assure you that that particular matter is not included in the briefing that I have received. I would not have expected it to be and until you mentioned this to me I personally have had no knowledge of it. Whether I read it at the time, I do not know. If I did, I promptly forgot it.

Senator FIERRAVANTI-WELLS—While you are at it, perhaps you might like to tell us if this is the only alleged meeting that has occurred between Mr Rudd and unionists at the Lodge. You might like to tell us if there were other meetings that may have occurred at the

Lodge or Kirribilli or other places. If that is the line you want to take, take it on notice. But be very comprehensive in your answer, Minister.

Senator Faulkner—I am not sure that that is a sensible question—

Senator FIERRAVANTI-WELLS—I beg your pardon? This article tells us about secret union deals—

CHAIR—You have actually asked a question, can you allow the minister to respond.

Senator Faulkner—You have asked me to list every meeting the Prime Minister has had with trade unionists. There are a lot of these make-work questions asked at Senate estimates committees. I personally, on that side of the table, would never ask a question like that.

Senator FIERRAVANTI-WELLS—I did say at the Lodge or Kirribilli. I did qualify it.

Senator Faulkner—I do not think it is a very sensible question. I would never ask a question like that.

Senator ABETZ—Of course you did not ask about the unions.

Senator FIERRAVANTI-WELLS—Senator Faulkner, you would not be asking a question about union meetings and secret meetings at—

Senator Faulkner—I would not ask a question that would require a huge amount of effort for a Prime Minister or a Prime Minister's staff or department to dredge uphill and down dale—

Senator RONALDSON—You are joking.

Senator ABETZ—You requested all the emails from Alexander Downer.

Senator Faulkner—through their diary to answer such a question.

Senator ABETZ—You wanted all the e-mails from Alexander Downer. Come on, your nose is growing.

CHAIR—Is there a question, Senator Fierravanti-Wells? Do you want to continue?

Senator FIERRAVANTI-WELLS—I think I will hand over to Senator Ronaldson for a while.

Senator RONALDSON—Just as well there is nobody watching, Minister, because the smile on your face—

Senator Faulkner—What was that?

Senator RONALDSON—The smile on your face says it all. I think your tongue will lacerate your cheek if it gets any further poking out the side.

CHAIR—Is there a question?

Senator Faulkner—I am one of those happy senators; the smile very rarely leaves my face, particularly when I am here at FPA estimates. That is just the way it is.

Senator RONALDSON—Where are we, Madam Chair?

CHAIR—Have we finished on the Prime Minister's official residence?

Senator RONALDSON—Yes, I have finished.

[4.27 pm]

CHAIR—In that case we go back to outcome group 4, strategic policy.

Senator RONALDSON—I have no questions.

CHAIR—The secretariat is trying to get hold of Senator Murray.

Senator Faulkner—Excuse me, Chair, does Senator Murray have questions in output group 4?

CHAIR—Yes, he does.

Senator ABETZ—He still has his books here so I assume he is—

CHAIR—We are trying to make contact with him. In the meanwhile, Senator Colbeck, do you have a question?

Senator COLBECK—Just while we are waiting for Senator Murray, as you are aware I do have just a couple of quick questions that deal with some matters from last night. Mr Mrdak may be able to help me. If he can, I would appreciate that. If not—

CHAIR—Take it on notice

Senator COLBECK—We will take it on notice. There was some evidence given last night in respect of the policy for tax on RTDs. I understand that the officials that deal with social policy and economics are not here, but you may be able to help me Mr Mrdak. The evidence last night was that there were two pieces of advice provided to the Prime Minister with respect to that policy in early April, prior to the announcement of the intention to increase the tax. I think it was on 26 April. Can you tell me who provided the advice on the costings for that policy? Was it the economic section of PM&C or was it Treasury?

Mr Mrdak—I think the advice was that any modelling done of the excise issues would have been done by Treasury, not by the Department of the Prime Minister and Cabinet.

Senator COLBECK—Treasury provided the advice for the 26 April announcement which was effectively that the receipts for the measure would be \$2 billion over four years?

Mr Mrdak—That would be my understanding. I will check that and come back if it is any different. I am not aware that our department would have done any modelling on this matter.

Senator COLBECK—It would not have come out of the economics section of the Department of the Prime Minister and Cabinet?

Mr Mrdak—No, that is unlikely. All of the revenue modelling would have been done out of Treasury. If there is anything further to add, I will come back to you.

Senator COLBECK—Was there any further advice that came in respect of that between 26 April and 13 May?

Mr Mrdak—I think last night our officers did advise that there was advice provided on 1 and 4 April in relation to those matters.

Senator COLBECK—Was there nothing between the 26 April announcement, which was the Saturday night, and 13 May, which was budget night?

Mr Mrdak—Last night, officers did advise that advice was provided to the Prime Minister's office on 7, 12, 13, 14 and 15 May, and I think the advice was that they were possible parliamentary question type format briefing advices.

Senator COLBECK—And the advice for the final measure that was in the budget and the modelling would have also come from Treasury?

Mr Mrdak—That is my understanding.

Senator COLBECK—Thank you. That is all that I needed.

Senator Faulkner—If the committee is happy, we might thank those officials from output group 4 and give them an early mark, which we are not having ourselves!

CHAIR—We now move on to Output group 5, Support Services for Government Operations. We will start with Output 5.1—Cabinet Support.

Senator MINCHIN—Can I ask the minister if the government has formally published a list of all cabinet committees and their membership?

Senator Faulkner—I am not sure whether it has been published, but I am certainly happy to provide it for you if you would like.

Senator MINCHIN—I would appreciate that.

Senator Faulkner—It would be easier to provide if someone has a list for it, but we could start with the Expenditure Review Committee.

Senator MINCHIN—With which I am so familiar! I am happy if you simply table the document.

Senator Faulkner—I will just read it into the record. The committees are: Expenditure Review Committee; National Security Committee; Parliamentary Business Committee; strategic budget committee; climate change, water and heritage committee; social inclusion committee; Indigenous affairs committee; economic development and international competitiveness committee and the COAG committee—it is nine in total.

Senator MINCHIN—Are we able to have their memberships, or are they published somewhere that we can access?

Senator Faulkner—It may be easier to table the document. Instead of me reading this into the *Hansard*, it would be easier for me to table it, to save time. I do not think I can quite table it in the form I have in front of me, but I certainly give a commitment to you—

Senator MINCHIN—I appreciate there may be something sensitive in the document you have.

Senator Faulkner—that I will table it in a form that is not prepared as an estimates briefing paper.

Senator MINCHIN—Do the budget papers make provision for the costs in 2008-09 of the community cabinets?

Senator Faulkner—Yes, we can assist you with that. What is the figure again?

Senator RONALDSON—\$2.4 million over the next three years.

Senator Faulkner—You are asking for the cost to date?

Senator MINCHIN—No, I was asking for the provision in 2008-09—

Senator Faulkner—I am sorry. I will ask Mr Mrdak to respond to this. I believe this is provided for in the additional estimates, so we will give that figure to you.

Mr Mrdak—Additional estimates contained these figures for community cabinets: 2007-08, \$1.191 million; 2008-09, \$2.377 million; 2009-10, \$2.399 million; and 2010-11, \$2.425 million.

Senator MINCHIN—So between \$2.3 million and \$2.4 million a year. And presumably that is the additional costs; presumably there are some base costs in having cabinet here. It is the costs to move the cabinet to a regional centre, is it?

Mr Mrdak—It principally involves additional resourcing for the department to support the community cabinet and also the costs of holding additional meetings outside Canberra.

Senator MINCHIN—So can you just tell us what plans have been set in place for 2008-09 in terms of community cabinets: how many and where they will be held? What is that figure based on for 2008-09?

Mr Mrdak—I think it is based on the government's announced intention to try and hold a community cabinet at least around once a month or of that order.

Senator MINCHIN—So there is a plan to have approximately 12 community cabinets in 2008-09?

Mr Mrdak—To have between 10 and 12 was the announced intention.

Senator MINCHIN—Have any decisions been made yet on where they will be, given that 2008-09 is about six weeks away?

Mr Mrdak—I think that is work that is still being undertaken. I do not think any definitive list has been determined yet.

Senator RONALDSON—On that point, Deputy Secretary, there was \$1.191 million, I think, for community cabinet expenses for 2007-08—is that right?

Mr Mrdak—That is right.

Senator RONALDSON—And there were three community cabinets over that period so far?

Senator Faulkner—So far they have been at Canning Vale College in Perth, at Narangba Valley State High School in Brisbane, and at the Jamison High School in Penrith in the western suburbs of Sydney. And that was on 15 April.

Senator RONALDSON—When is the next one due?

Senator Faulkner—I believe the next one is due in early June, but I had best check that—sorry, it is in late June.

Senator RONALDSON—So is this next one coming out of this budget, Dr Southern?

Dr Southern—Yes, Senator.

Senator RONALDSON—So that is approximately \$300,000 per community cabinet—is that right?

Dr Southern—The costs of holding the community cabinet meetings has varied, depending on the location and the associated travel costs. The funding provided to the department was to provide both for the direct costs of holding the community cabinet meetings and for a small secretariat to support those meetings. The funding was also provided to us on a no-win, no-loss basis so that at the end of the financial year if we have spent less than the allocated amount that is returned to budget.

Senator RONALDSON—Did you budget for four in that \$1.19 million, for the 2007-08 year?

Dr Southern—The \$1.191 million figure was based on holding perhaps five meetings, but that was ahead of setting out the schedule of meetings.

Senator RONALDSON—So they have become more expensive than you thought?

Dr Southern—No.

Senator RONALDSON—You will underspend, will you, on that \$1.191 million?

Dr Southern—We will underspend, yes.

Senator RONALDSON—Do you have any estimate of what that amount is at the moment?

Dr Southern—No, Senator.

Senator RONALDSON—Given the late hour, I will not pursue this any further and I will put the rest on notice. But just so that I am clear, we are assuming 10 to 12 cabinet meetings per annum.

Dr Southern—Yes.

Senator Faulkner—I think 10 is more realistic than 12 because of, particularly, the Christmas and Easter breaks.

Senator RONALDSON—I accept that that, from your point of view, is a political answer. But I do ask Dr Southern whether, when you say ‘10 to 12’, that budget allocation was for that range of community cabinets?

Dr Southern—Yes.

Senator FIERRAVANTI-WELLS—If, for example, you take the one out at Penrith, what were the costs involved in that? Can you just give me a rough idea of the costs? Usually a meeting which is held in some sort of public place—for example I believe the one out at Penrith was held at a school or something like that—

Senator Faulkner—It was. It was at Jamison High School in Penrith.

Senator FIERRAVANTI-WELLS—I would assume that there are not likely to be any hiring costs or those sorts of things associated with that. I mean, I would assume that your Labor state counterparts would at least allow you to hold that free of charge. Or if there is some minor amount—

Senator Faulkner—I did not realise that you would be indicating how generous they might be!

Senator FIERRAVANTI-WELLS—It is thanks to all that Investing in Our Schools funding that some of their halls are in much better condition than they used to be—given that I have visited a lot of halls and schools in Western Sydney. I am trying to fathom how come it takes even \$100,000. Do you issue invitations? How does it work?

Dr Southern—I think you started your question around the cost of the Penrith meeting.

Senator FIERRAVANTI-WELLS—Yes.

Dr Southern—To date, the costs that have been borne by Prime Minister and Cabinet are \$36,445, and that is excluding our staff costs. That is the direct cost of holding the meeting, including, I believe, a small amount of, if not venue hire, at least costs incurred around extra cleaning for the schools and things like that, to hold the meetings.

Senator FIERRAVANTI-WELLS—\$36,000 is still a lot. Can you just break that down? Do you issue invitations?

Dr Southern—No. We advertise in the local press, and there is an open invitation to any member of the public to attend. Then we take registrations.

Senator Faulkner—There is an 1800 number.

Senator FIERRAVANTI-WELLS—I appreciate that. I am just trying to get my mind around—

Senator ABETZ—Does this appear in government advertising?

Senator FIERRAVANTI-WELLS—You put an add in the paper. The cost of holding it at a high school is not relatively high. There may be some cleaning costs, and I assume there might be some small refreshments or other costs associated with it. Thirty six thousand dollars is a lot of money. Could you just explain to me what that \$36,000 was for? Thank you.

Dr Southern—Certainly. It breaks down broadly to about \$8,500 for staff travel and accommodation expenses to attend the meeting, and then venue advertising, contractors and materials expenses came to around \$28,000. That is a broad split.

Senator FIERRAVANTI-WELLS—Alright. You might take on notice some of the components of what that is and give that to me. Thank you. Is this the place to ask about board appointments in the department or is that another place?

Senator Faulkner—If you wish. I think it all broadly falls under output 5.

Senator FIERRAVANTI-WELLS—On the last occasion, I asked questions about board appointments within this department—and I notice that I have not seen an answer to the question. However, I did see that Senator Minchin asked a question about appointments made by the government—that is, question 1A. Senator Minchin asked

List all appointments which have been made by the Government (through Executive Council, Cabinet and Ministers) to Statutory Authorities, Executive Agencies and Advisory Boards, with a brief outline of the respective appointee's credentials.

The answer was:

Refer to par (1) of the response to Senate Question on Notice No. 117.

I think that was probably an attempt to answer my question as well. When I do go to question 117, it relates to employment of ministers' families. It refers to the Prime Minister's standards of ministerial ethics, providing all ministers and parliamentary secretaries not to employ close relatives. Somewhere along the line I think there has been a bit of an error. Could you look into that and could you please answer the question that I asked on 18 February, which is on page 134?

Senator Faulkner—I am very happy to—

Senator FIERRAVANTI-WELLS—Take that on notice.

Senator Faulkner—I am very happy to if we cannot answer it now, but I will check with Mr Mrdak. He might be able to provide the information for us.

Senator FIERRAVANTI-WELLS—It seems that not—

Senator Faulkner—I understand. If we can provide it for you now, we will.

Mr Mrdak—I can give you 'The following appointments have been made within the PM&C portfolio since December 2007'. Can I take you through those?

Senator FIERRAVANTI-WELLS—Yes, just read them to me.

Mr Mrdak—There is the appointment of the Merit Protection Commissioner, Annwyn Godwin, who was appointed on 25 January 2008; the reappointment of the Ombudsman, Professor McMillan, and the Deputy Ombudsman, Ron Brent, which took place earlier this year. They have both been appointed for five-year terms. Three members of the Privacy Advisory Committee, Suzanne Pigdon, Dr Bill Pring and Joan Sheedy, were appointed by the Governor-General each for two-year terms from 1 May. Fourteen members of the Australian Social Inclusion Board have been appointed, which was discussed this morning—

Senator FIERRAVANTI-WELLS—And tabled. Yes, thank you.

Mr Mrdak—They are the appointments in the portfolio since—

Senator FIERRAVANTI-WELLS—Thank you.

Senator FIFIELD—Senator Faulkner, you will probably recall that before the election Mr Rudd promised that the fully revised ministerial code of ethics would be in place by the first sitting day of parliament, which did not come to pass. At the additional estimates on 18 February we asked Senator Evans what the time frame was for the revised *A guide on key elements of ministerial responsibility*. He indicated the end of February or early March. Things have passed me by and I may have missed them. I am just wondering if you could give an update on the full revision of the *A guide on key elements of ministerial responsibility*.

Senator Faulkner—The status of what, sorry?

Senator FIFIELD—The fully revised *A guide on key elements of ministerial responsibility*.

Senator Faulkner—In relation to chapter 5 of the code, that has been made public—

Senator FIFIELD—Chapter 5 being—

Senator Faulkner—I am calling it chapter 5. I do not know whether it is the right terminology. In relation to *Standards of ministerial ethics*, I think this was made public in December of—

Mr Mrdak—On 6 December.

Senator Faulkner—Thank you, Mr Mrdak. To be precise, the *Standards of ministerial ethics* was made public on 6 December 2007.

Senator FIFIELD—That is right. That was a revision of one part of the previous government's *Standards of ministerial ethics*.

Senator Faulkner—That is right. You could describe it as a revision, and that I suppose is fair language. It is also reasonable to say that higher standards are placed on ministers as a result of that particular revision.

Can I point out to you the key differences between the *Standards of ministerial ethics* and chapter 5 of the 1998 guide. They perhaps fall into three areas: ministers are required to divest themselves of all shareholdings, other than through investment vehicles such as broadly diversified superannuation funds or publicly listed management or trust arrangements; lobbyists are required to register their details publicly on a register established by the Department of the Prime Minister and Cabinet before seeking access to ministers or their officers; and ministers are required to undertake that for a period of 18 months after they leave office they will not seek to have business dealings with members of the government, the Public Service or the Defence Force on any matters they have dealt with in an official capacity in the preceding 18 months. I think you would be aware that I recently tabled a draft code of conduct in relation to lobbyists via the mechanism of a ministerial statement in the Senate. I recently tabled a final copy of that code. That brings you up to date with the situation.

Senator FIFIELD—Thank you. My recollection is that the revision to the *Standards of ministerial ethics* made by the government, I think you said in December last year, was an interim revision and that a fully revised code was to be issued. My understanding is that the revision of December 2007 was an interim version and not a final version. I appreciate the element concerning lobbyists is still to come.

Senator Faulkner—I think there were additional elements but, to my knowledge, there is no suggestion that the document that was made public in early December would in some way be revised. My understanding is that it might be enhanced by other additional elements such as, for example, a lobbyists code of conduct. Perhaps Ms Belcher might usefully be able to assist us on this.

Ms Belcher—The ethical standards that were released in December were not interim, but it might be that they will be slightly updated to reflect the fact that we now do have a register of lobbyists. The last section of the standards talks about a register being established in the future, and now there is more detail that we would cross-reference.

Senator FIFIELD—Is the staff code of conduct considered to be part of the package of standards which include chapter 5, which was revised in December last year, and the lobbyists

code? Is the ministerial code of ethics also considered part of a package or something separate?

Ms Belcher—It would be issued separately but it would be referred to in *A guide on key elements of ministerial responsibility* and would draw together all elements of accountability and ethics. But we would not be turning it into a very large document which incorporated the whole of those codes. And we will be taking the opportunity to update a number of out-of-date matters relating to entitlements and such things.

Senator Faulkner—So the plan would be, Senator, for the fully revised key guide to be issued shortly.

Senator FIFIELD—Has the code of conduct for ministerial staff been finalised?

Senator Faulkner—It is very close to being finalised. It will obviously be an important element of what I have described as a fully revised key guide to be issued shortly.

Senator ABETZ—Was the CPSU involved, or not?

Senator Faulkner—Perhaps I have not had the most direct responsibility in this, but I have had some, and I do not believe there have been any consultations with the CPSU at all; in fact, this has been a matter that the government has considered closely within government.

Senator FIFIELD—Is there any reason why the ministerial code of conduct has taken the best part of six months into government before even getting close to finalisation?

Senator Faulkner—The main reason, I think, is that, again, it is a new step in accountability and standards. The critical thing here is getting it right. The government does want to get it right.

Senator FIFIELD—A lot like the charter letters; it is important to get them right.

Senator Faulkner—I can speak about the charter letters. As you know, the government—the Prime Minister—decided on a new process there. If you would like us to read that—

Senator FIFIELD—No!

Senator Faulkner—No, I thought you might not. But I would be happy to if you so desired!

Senator FIFIELD—It is too terrifying a prospect to go through that again!

Senator Faulkner—I would never want to terrify you, Senator Fifeild; I can assure you of that. But it is important to, as I say, get the code right, and it is very close to completion and publication now.

Senator FIFIELD—But a ministerial code of conduct is not a new concept. The previous government had a ministerial code of conduct in place, including a statement of pecuniary interests.

Senator Faulkner—We may be at cross-purposes here. I thought you were asking me about a ministerial—

Senator FIFIELD—Sorry; a ministerial staff code of conduct.

Senator Faulkner—I am not aware of there being a ministerial staff code of conduct during the life of the Howard government, but if you could point me to that I would be interested to see it. I think that is right, isn't it?

CHAIR—I think that is right.

Senator Faulkner—No, there was not one, Senator, so it is in fact new. But I know that some members of this committee would be aware that it was actually a recommendation of the then Finance and Public Administration References Committee in one of its substantial reports, I think brought down—

Senator ABETZ—It has helped guide Lachlan Harris, no doubt.

Senator Faulkner—The F&PA References Committee I think brought down its report last year with that recommendation. But, certainly, Senator, I can say to you that there was no ministerial staff code during the life of the previous government.

Senator FIFIELD—There was certainly a pecuniary interests statement which contained certain directives for staff as to how they should conduct themselves and avoid conflicts of interest. I certainly recall that.

Senator Faulkner—As far as I am aware—though I stand to be corrected and Ms Belcher will correct me very quickly if I am wrong here—there has been a longstanding provision for ministerial staff to declare their personal interests to their employing minister; that is my understanding. I do not think there has been anything else but Ms Belcher might be able to enhance that comment just for the completeness of the record.

Ms Belcher—I think the final section of *A Guide on Key Elements of Ministerial Responsibility* touched on a few matters that staff should take into account, like proper use of resources. Certainly they did need to fill in their registration of private interests—but nothing that presented itself as a code of conduct.

Senator FIFIELD—It might not have had the word 'code' on the front, but it was certainly a guide for staff. My point is that there was certainly something for the incoming government to build upon, and I would not have thought that it should have taken six months to develop a ministerial code of conduct.

Senator Faulkner—I might indicate, just for the completeness of the record, that, in a discussion I had with the National Secretary of the CPSU, I think I did inform the secretary of that trade union that a staff code was under development. I suppose the secretary may have read estimates transcripts, but just for the completeness of the record I think either you or—

Senator ABETZ—So you did consult?

Senator Faulkner—No, I have indicated what the situation is. But either you, Senator Fifield, or Senator Abetz asked me that.

Senator ABETZ—Yes, I did.

Senator Faulkner—I wanted to inform the committee, just so no-one is under any misapprehension, that I certainly believe I informed the union, as I have informed any interested staff members and others. I think I have said publicly that this code is under development. So I should say that just for the completeness of the record.

Senator FIFIELD—You have indicated that the ministerial staff code is nearing completion.

Senator Faulkner—Yes.

Senator FIFIELD—I would not expect that you would be able to give us the date on which it will be published, but can you give us a date by which it will have been published?

Senator Faulkner—My view has been that this certainly should be published by the time the lobbying code of conduct comes into force.

Senator FIFIELD—Okay, thank you for that. Will this code apply, in effect, retrospectively? If there are matters which currently exist and the code comes into effect, will people be required to regularise their affairs and arrangements—if it relates to pecuniary interest matters, for instance?

Senator Faulkner—I think the concept of retrospective application of a code is an interesting one. If you are asking me—

Senator FIFIELD—So any behaviour which took place before the code is okay? You appreciate what I am saying.

Senator Faulkner—I do appreciate what you are saying, and I was about to indicate to you. You are suggesting that if, on publication of the code, a member of ministerial staff found themselves to be in conflict with the provisions of the code, there would be an absolute expectation of government that those matters would be regularised—is that the spirit of your question?

Senator FIFIELD—It is. But in addition, if someone has undertaken an action which contravenes the code but because the code did not previously exist there was nothing to contravene, would action be required to discipline those people?

Senator Faulkner—My expectation is—and I do not think it is unreasonable—that, once the ministerial staff code is public and in force, then all ministerial staff will be obligated to adhere to the provisions of the code. You are asking me about retrospective application of codes. I suppose it is like retrospective legislation and the like—things that from time to time we all grapple with in this place. I had not contemplated such a thing. Such a thing has not been contemplated in relation to lobbyists, or previously to ministers in any other life, or others who are subject to certain provisions. But there will be an expectation that all members of ministerial staff will be required to adhere to all provisions of the code. I will be clear on this. If that requires someone in some way—which is I think what you are suggesting—regulating their personal affairs in some manner then that will be an expectation.

Senator FIFIELD—Thank you. Just before I yield to a colleague, I am advised that Senator Sherry, in the Standing Committee on Agriculture, Fisheries and Forestry, has declared that he has his charter letter for his portfolio, so that is terrific news. Progress is being made. It would be interesting to know when that charter letter was actually signed. Perhaps that is something which we could take a stab at answering now?

Senator ABETZ—So charter letters exist now after all?

Senator Faulkner—I think there might be a bit of a definition issue here. I suspect it is more likely to be a record of meeting or a minute of the bilaterals that the Prime Minister has had. That is what I expect.

Senator ABETZ—We now have ‘bilaterals’, do we?

Senator Faulkner—I am using that terminology in the usual dictionary definition. I have explained that the Prime Minister’s meeting with his colleagues—I went through this yesterday—

Senator ABETZ—But not junior ministers.

Senator Faulkner—I did indicate in one case, I believe—

Senator ABETZ—Yes, vets’ affairs.

Senator Faulkner—that a non-cabinet minister had been involved, but this does not mean that portfolio ministers themselves may not have dealt with these issues with non-cabinet ministers and appropriately communicated with them or corresponded with them on outcomes of such discussions. I think that is fairly straightforward.

Senator ABETZ—Who appoints the ministry? The Prime Minister. Surely the Prime Minister charters them and not the minister. That is just quite bizarre.

Senator FIFIELD—Senator Faulkner, it might clarify the matter and put the status of this document beyond doubt if it were tabled with the committee. Then we would know if it was a charter letter or a minute which was signed or unsigned—

Senator ABETZ—No, they were not signed. We have discovered that.

Senator FIFIELD—No, we know Senator Faulkner’s minute was not signed, but Senator Sherry’s may well be signed.

Senator Faulkner—I suppose my only suggestion to you—

Senator ABETZ—Senator Sherry may have written—

Senator Faulkner—in that regard is, and I am sure that you do not need me to say it, that you will be able to rush out of the committee and put that to Senator Sherry. Needless to say, I do not have a copy of it.

Senator FIFIELD—But aren’t you the minister who has responsibility for the drafting and the holding of charter letters and charter minutes—

Senator ABETZ—The exceptional minister.

Senator FIFIELD—as the Cabinet Secretary and as the minister responsible for governance and integrity and accountability issues?

Senator Faulkner—I am not sure there is much more information that I can give you than was provided yesterday in relation to the drafting of—

Senator FIFIELD—But my question was—

Senator Faulkner—If you are asking me if I hold those drafts, then the answer is no.

Senator FIFIELD—No, I am not asking about the drafts, I am asking about completed charter letters and completed minutes.

Senator Faulkner—I cannot provide any further information than I have in relation to charter letters.

Senator FIFIELD—I am sure you could. You are just being coy.

Senator Faulkner—Even though I suspect your question is tongue in cheek, I am treating it seriously because it appears in *Hansard*.

Senator FIERRAVANTI-WELLS—But the humour does not come through.

Senator Faulkner—I have indicated to you, as have officials, what the status of the charter letters is. I really cannot add to the evidence that I gave yesterday.

Senator FIFIELD—Who would hold a copy? We assume that the recipient of a charter letter would have a copy of the letter or a copy of the charter minute, but one would think that there would also be a copy held somewhere in your domain as the minister responsible for probity, accountability and integrity issues and as Cabinet Secretary.

Senator Faulkner—I do not hold any such copies and I indicated yesterday what the status of any such copies was—

Senator FIFIELD—Perhaps not in your personal office but within your administration.

Senator Faulkner—If you wish, I can check with officials whether the Department of the Prime Minister and Cabinet holds any such documentation.

Senator FIFIELD—I would appreciate that—as I said, within your jurisdiction, which includes your office, the portfolio agencies—

Senator Faulkner—No—

Senator FIFIELD—That would be—

Senator Faulkner—I have said it very clearly but let me say it again: I hold no such copies apart from—

Senator FIFIELD—In the words of Nike, ‘Just do it.’

Senator Faulkner—Senator, I indicated yesterday but I am going to indicate it again for the record: I hold no such copies except a record of outcomes in relation to my own meeting and bilateral—and I am using that terminology deliberately—with the Prime Minister.

Senator FIFIELD—If you could consult with the officials that would be appreciated.

Senator Faulkner—I am happy to.

Senator ABETZ—We were left with the distinct impression last night that there would not be charter letters and that the matter had been resolved with these charter minutes. I recall the discussion about the department declining to table that which became non-existent letters. We questioned that and nobody sought to deny that these non-existent letters were in fact in existence. I think you have some clearing up to do, Minister.

Senator Faulkner—I do not think we have any clearing up to do.

Senator ABETZ—If Robert Ray thought a mess was left behind in GMS, can I tell you you have left a huge mess courtesy of your answers yesterday and yesterday evening.

Senator Faulkner—I do not believe that that is accurate. Whatever you care to believe is fine. I can only outline to you what I know to be the situation. We have made it very clear to you in relation to the charter letters that drafts were prepared in the Department of the Prime Minister and Cabinet and the charter letters did not progress beyond that stage because the process that we discussed at this committee at length yesterday was perceived by the Prime Minister to be a superior process—

Senator ABETZ—Unsigned.

Senator Faulkner—in relation to the Prime Minister's requirements of his ministers.

Senator ABETZ—How can an unsigned document be superior? Minister, can you explain to the committee, and indeed anybody else interested in ministerial responsibility, how an unsigned document could be seen as superior to a letter signed by the Prime Minister outlining somebody's detailed ministerial responsibilities and expectations?

Senator Faulkner—The documentation that arose in relation to my meeting with the Prime Minister resulted from a detailed, focused and substantial meeting and discussion with the Prime Minister about my areas of ministerial responsibilities and the Prime Minister's expectations of me as a minister in his government. It seems pointless to repeat again the evidence I gave yesterday about the record of those discussions, but let me say again that that evidence is accurate and stands.

Senator ABETZ—At the last Senate estimates—I think it was on 21 February—Senator Carr told me that his performance would be assessed against the charter letter that he was about to receive. I was also told in very patronising terms that I should understand the normal processes through which charter letters were developed and delivered, and that this was normal government process. We now have a situation where you are telling us that there will not be charter letters. Therefore, on what basis is the minister's performance going to be assessed from the public's point of view, given that Senator Carr also indicated to me that he believed that these charter letters were going to be made public and there was going to be a public statement 'very shortly'? That was on 21 February. We have had three months since then. There has been no public statement, and we stumble across the fact, like pulling teeth, that these charter letters are not in fact going to be presented to ministers.

Senator Faulkner—There is no pulling of teeth. I note that for a considerable amount of time yesterday we dealt with the issue of charter letters. I understand that the result of that interplay at this committee was zero in terms of interest beyond the four walls of this committee room.

Senator FIFIELD—That is not how we measure our work, Senator Faulkner.

Senator Faulkner—Well, it is, Senator.

Senator FIFIELD—It was how you measured your work, Senator Faulkner, on this side of the table.

Senator Faulkner—I am acknowledging the brilliant tactic that has been adopted to see if fresh life can be breathed into this dead issue.

Senator FIFIELD—It is important.

Senator Faulkner—But let me say in relation to the substantive issue that Senator Abetz has raised—and I have to say, Senator Abetz, I am not aware of the evidence that was given at the estimates committee that you refer to—I accept what you say. I accept that you have reflected it faithfully at this committee. I accept that, and I hope I am able to do so.

Senator ABETZ—Clearly, ministers—sorry.

Senator Faulkner—I had not finished, Senator.

Senator ABETZ—Yes. That is why I apologised.

Senator Faulkner—Since the last round of estimates, as I have outlined on a number of occasions, the Prime Minister has adopted a new approach in terms of determining his expectations of his ministers. That is the approach that I have outlined to the committee this afternoon but, more importantly, at quite considerable length while this committee was dealing with the estimates of the Department of the Prime Minister and Cabinet yesterday.

Senator ABETZ—On what date did the Prime Minister change his view in relation to charter letters? Why was no public statement made in relation to his change of view? Why did we have to get it out of you at Senate estimates rather than this information being volunteered to us?

Senator Faulkner—In fact the information was volunteered at Senate estimates. I do not know the precise date concerned. In relation to that question you have asked me, I am happy to take it on notice.

Senator ABETZ—Thank you. What about the other two questions? Why no public statement?

Senator Faulkner—I am using the word ‘question’ in the broadest possible terms and I understand—

Senator ABETZ—No. You said you were prepared to take the first question on notice. I asked three. I am now asking you to take all three on notice.

Senator Faulkner—And I am very happy to do so.

Senator ABETZ—Thank you.

Senator FIFIELD—Are you also taking on notice my questions in relation to Senator Sherry’s charter document or are you going to endeavour to come back to the committee at some point tonight?

Senator Faulkner—I have explained to this committee my understanding of what the circumstances are—

Senator FIFIELD—But you said you were going to consult with officials in relation to the status of the document that Senator Sherry referred to in the other estimates committee and whether your agencies held a copy. That is what you said, Senator Faulkner—that you were going to consult with officials. I assume that, if you are going to consult with officials, you will come back with an answer either on notice or, if you get it today—

Senator Faulkner—If I am able to provide any information for you on that matter I will take it on notice, and I will try and do this in a way that takes account of the fact that at

another committee Senator Sherry has provided information in the way that you have reflected here.

Senator RONALDSON—Madam Chair, I was not going to raise this, but—

Senator Faulkner—But you are now.

Senator RONALDSON—Minister, for the last two days you have had staff down the back who have been emailing you on a constant basis with answers in relation to a lot of these questions. How about you just close that computer for a second and let's have an open, honest and frank discussion about this issue.

Senator Faulkner—You are welcome to look at the screen of this computer, Senator. I do not know how to get the blue off it; if you can assist me it would be good.

Senator RONALDSON—This goes to the core—

Senator Faulkner—It has been blue for a very, very long time—about five hours. But, please, if you could assist me.

Senator ABETZ—That is the reflection of the colour of your face.

Senator RONALDSON—of the accountability claim that you made when you first came into government. For the last two days you have not been able to answer the most basic question in relation to where the bit of paper is that actually outlines the areas of responsibility for all the cabinet and other ministers. That is the most basic question. Surely any new government would want to be seen as open, transparent and accountable, and for two days you have gone round and round and round in relation to this issue. It beggars belief that someone who is the Cabinet Secretary has not been involved in these matters, has not discussed it with the Prime Minister and does not know the whereabouts of documentation, whether it is minutes, charter letters or the minutes you have taken yourself. It just beggars belief. Quite frankly, I do not think anyone on our side believes one word of what we have heard in the last 48 hours, and, quite frankly, if those on your side believe it then they are remarkably gullible.

Senator Faulkner—Can I now respond to your question. I will respond to it. It is a question that, when I give to new senators who enter the parliament an estimates briefing, I describe as a reprise—when you fail to successfully get an issue up and running on one day and you come back on the second day and try and warm it up, give it a bit of a poke and see if anyone in the fourth estate would be naive enough to bite at it. Of course, nearly all of what you have said is both unfair and inaccurate. I have provided the committee with—

Senator ABETZ—You poor poppet!

Senator Faulkner—I have provided the committee with a great deal of detail about the process, but just so you are clear—

Senator FIFIELD—Is this your personal self-determination that ministers will know to avail themselves of?

Senator Faulkner—you have heard evidence at this committee, both yesterday at great length and today, which might be at great length also, that the Prime Minister has decided not to proceed with charter letters—

Senator FIFIELD—Never, ever again?

Senator ABETZ—So what has Nick Sherry got?

Senator Faulkner—He in fact has decided on a process whereby he has had very detailed one-on-one meetings with portfolio ministers—

Senator FIFIELD—Which have always happened. It is nothing new.

Senator Faulkner—talking through priorities and expectations, and different departments and ministers are responsible for the records of those meetings—in other words, the outcomes. It is the Prime Minister's intention also, as I indicated yesterday, to meet again in the near future—I believe starting in July of this year—to repeat that exercise. The Prime Minister takes the view, and I think he is right, that this is a more effective, more hands on, better way of dealing with his requirements and performance indicators for his ministers, and I think the Prime Minister is right in relation to that, given that I have had the benefit, I can say to you, Senator, of having received a charter letter—

Senator FIFIELD—Senator Faulkner, you are tormenting us now with boredom.

Senator Faulkner—in my previous incarnation as a minister during the life of the Keating government and this new process during the life of the Rudd government.

Senator FIFIELD—Chair, Senator Faulkner is talking to himself.

CHAIR—I was actually trying to listen with all due respect.

Senator FIFIELD—Senator Faulkner is talking to himself.

Senator Abetz interjecting—

CHAIR—I beg your pardon, Senator Abetz.

Senator ABETZ—You heard what I said. You were not listening at all. You were talking to the secretary of the committee—

CHAIR—For two seconds about trying to rearrange.

Senator ABETZ—No, for quite some time.

Senator FORSHAW—Have you people run out of questions?

Senator ABETZ—No, we have not. Senator Faulkner stops for breath.

Senator FIFIELD—Senator Faulkner, are you saying that there will never be charter letters again?

Senator Faulkner—What I have said, Senator, is that the—

Senator FIFIELD—No: do not start from the beginning. If you can just say yes or no.

Senator Faulkner—I will not answer any question yes or no unless I wish to, Senator, particularly, to a question like 'Am I saying there will never be a charter letter ever again', which most people would define as a fairly preposterous question. Let me say this to you—

Senator FIFIELD—Nothing would surprise me from the other side of the table.

Senator Faulkner—Senator, you might ask a question like that, which is I think a bit of a silly question, and then ask me for a yes or no answer. I am not willing to do that but—

Senator FIFIELD—It took us a long time to work out if there were even charter letters drafted in the first place.

Senator Faulkner—I am willing to answer your question properly, and let me now attempt to do so. What I can say to you is in relation to the Prime Minister's approach to his government. He has certainly decided that this new process is the way that he wishes to progress these issues. As I say, I believe he has found it effective. I believe other ministers have found it effective and useful. My own experience, for what it is worth—having been a minister in another government receiving a charter letter—is that this particular approach, having had the experience of a very detailed and focused one-on-one meeting with the Prime Minister, has a lot of merit to it.

Senator WATSON—There must be some document indicating your appointment from the Prime Minister.

Senator ABETZ—We have a narrative these days.

CHAIR—Can we have one question at a time?

Senator WATSON—There is no letter of appointment?

Senator Faulkner—Yes, there is.

Senator WATSON—There is a letter.

Senator Faulkner—Yes.

Senator WATSON—For my purposes, could you explain: are we playing with semantics or—

Senator Faulkner—Perhaps I could ask Ms Belcher, who is very experienced in these matters, to outline what is normally contained within a letter of appointment to a minister.

Ms Belcher—There is of course an instrument of appointment as well. There is an instrument of appointment at the time of the swearing in but then there is a letter that goes out from the Prime Minister to all ministers within the first day or two of the government which sets out basic information pointing them to, for example, *A guide to key elements of ministerial responsibility* and a few fundamental issues about being a minister.

Senator WATSON—So it is just a change in terminology, is it, rather than being called a charter letter; it is called a letter of appointment?

Ms Belcher—No. A charter letter normally sets out the expectations of the Prime Minister in relation to policy commitments, specific commitments. That is the way—

Senator WATSON—So, in other words, there are no expectations of certain standards that ministers have got to reach in this letter of appointment—as in a charter letter. I am trying get the differences in terms of the expectations that a Prime Minister has or expects of his new ministerial team.

Ms Belcher—Senator Faulkner has been describing the process where each minister sat down with the Prime Minister—

Senator WATSON—I am talking about a letter—formal letter or instrument.

Ms Belcher—No, that is what Senator Faulkner has been explaining.

Senator WATSON—I am lost. Can we have a copy of some such letter? Can you table your letter?

Senator FIERRAVANTI-WELLS—We have been waiting for Senator Faulkner to do that, Senator Watson. It might be lost in the post.

Senator ABETZ—Ms Belcher declined to table the letters which we now know do not exist. So we wonder why Ms Belcher declined.

Senator Faulkner—It is obviously private correspondence, in my case between the Prime Minister and myself. In broad terms, my recollection is that it welcomes a new minister to the ministry, outlines the responsibilities under the Prime Minister's *Standards of ministerial ethics* and encourages ministers to work well and cooperatively with departments. All I can say is that I will have a look at that. I do not know whether it is appropriate—

Senator Watson interjecting—

Senator Faulkner—What I will do for you is have a look at the letter and see if it is appropriate for tabling before the committee. If it is, I will do so. I will make my best endeavours to do so, but I do not know whether there is content in that which would be inappropriate to table. I would also before I tabled it—and I think you would appreciate this—even if I thought it was appropriate to table, check with the Prime Minister as to whether he believed it was appropriate for me to do so.

Senator WATSON—There is a lot of confusion out there.

Senator Faulkner—With those not insubstantial caveats, I am certainly happy to take that on notice.

Senator FIERRAVANTI-WELLS—Ms Belcher, at the last estimates—I have it in front of me—you stated:

I know that letters have been drafted, but they may be the subject of further discussion with ministers. I cannot give you a time.

What happened to those draft letters? For you to give that sort of evidence on 18 February, you clearly had seen the draft letters, knew of their existence and probably knew of the contents. What happened to those draft letters? When did they leave your domain?

Ms Belcher—They do not fall within my area of responsibility. I was aware that they were being drafted. Various divisions across the department were assisting with the drafting. I was therefore able to say that there were drafts, but they were not papers that I submitted to the Prime Minister at any point. I cannot answer that question.

Senator FIERRAVANTI-WELLS—Are you aware whether they were submitted to the Prime Minister?

Ms Belcher—I would need to check with a colleague because I did not have any part in transmitting them to the Prime Minister.

Senator FIERRAVANTI-WELLS—Are we aware that they left? They were obviously in the department somewhere. When did they leave the department—the draft letters that Ms Belcher referred to on 18 February?

Mr Mrdak—I think we took that on notice.

Senator FIERRAVANTI-WELLS—All right.

Mr Mrdak—I think we are still chasing it. I think yesterday we did undertake to chase that information, and we will do that.

Senator Minchin interjecting—

Senator RONALDSON—We are not going to finish by 6.30.

Senator MINCHIN—You are not? You have other things?

Senator RONALDSON—I have.

CHAIR—I would be asking for the indulgence—Senator Fifield indicated that he did not have an issue with it—as to whether or not we could bring forward the Office of the Privacy Commissioner to before dinner?

Senator ABETZ—That is fine.

Senator Faulkner—My understanding was, and I have spoken to Senator Minchin informally—and obviously Senator Minchin and Senator Abetz are here as the two senior officeholders in the opposition—that we were making best endeavours to complete the Department of the Prime Minister and Cabinet. I know there is an interest in moving on to Climate Change.

Senator MINCHIN—We want to move to Climate Change straight after dinner.

Senator WATSON—What about the Auditor-General?

Senator MINCHIN—We want to get onto that.

Senator WATSON—Does that come later?

Senator MINCHIN—No, we want to do the Auditor-General by 6.30.

Senator Faulkner—In other words, complete—

Senator MINCHIN—Let's keep moving.

Senator Faulkner—the Department of the Prime Minister and Cabinet and its agencies in the portfolio, and the Department of Climate Change after dinner. That is what we are working to.

Senator MINCHIN—So we have an hour to do the rest of PM&C and the agencies.

CHAIR—I am in your hands.

Senator ABETZ—Can I move to freedom of information or are there other matters? I have a brief bracket of questions.

Senator RONALDSON—I am not entirely sure. We were working towards finishing this by dinner without being committed to it.

Senator Faulkner—We will try to assist as best we can, having spoken to your leader and deputy leader.

Senator RONALDSON—I am not suggesting it is an issue of your making. In the forward to the *Standards of ministerial ethics* there is a statement by the Prime Minister:

The Australian people are entitled to expect the highest standards of behaviour from their elected representatives in general and Ministers in particular.

These Standards give a clear indication of my expectations of Ministers. They clearly state that Ministers are required to act with integrity and fairness, be responsible for the way they exercise their powers and accept the full implications of the principle of ministerial responsibility.

Do the government and the Prime Minister still support that statement?

Senator Faulkner—Yes.

Senator RONALDSON—Does the *Standards of ministerial ethics* apply to the Prime Minister?

Senator Faulkner—Yes.

Senator RONALDSON—Thank you, Minister. You would be aware—and I am sure this is one that would have been brought to your attention—of an article on 27 April by Glenn Milne in relation to the Invisage Australia company and the Ingeus company that were controlled by Ms Rein. You would be aware that this did not form part of the Register of Members' Interests. I am just trying to move things along.

Senator Faulkner—Yes, I appreciate that. I am aware of the article.

Senator RONALDSON—Are you aware that the reason given for this failure to comply with the requirements of the House register was that the company was inactive and therefore was not required to be on the register?

Senator Faulkner—I can outline to you my understanding of the situation if that would assist.

Senator RONALDSON—Is the overview that I have given so far correct?

Senator Faulkner—It is not the overview that I would have given. I am certainly happy to respond to you in relation to most of the matters you have raised with the exception that I am sure you would appreciate that issues of declarations of interests for members of the House of Representatives are matters for the House. I think we have always been respectful at Senate estimates committees about that clear delineation between those matters in the House of Representatives and matters that are appropriate for us to deal with in the Senate. I think you would recall Mr Evans's evidence yesterday—

Senator RONALDSON—He did circulate a document which you may not have seen.

Senator Faulkner—I am sorry; I have not seen that.

Senator RONALDSON—There are minimal differences, but I take your point in relation to that.

Senator Faulkner—Apart from that, if you care to address those matters, feel free.

Senator RONALDSON—Do you accept that a failure to actually have this in the House of Representatives Register of Members' Interests and spousal interests was a clear breach of the ministerial ethics standards, particularly 2.12 and 2.13 of those standards?

Senator Faulkner—No, I certainly do not. I understand the situation to be that on 13 May the Prime Minister declared Invisage Australia Pty Ltd as a relevant spouse interest on his

statement of registrable interests. My understanding is that Invisage Australia is a wholly owned subsidiary of a company called Ingeus Ltd, which is Ms Rein's company. That has long been declared. Ingeus Ltd has been declared on the Prime Minister's statement of registrable interests as a relevant spouse interest for a long period of time. My understanding is that Invisage was a training company that had been previously disclosed on the Prime Minister's statement of registrable interests. My understanding, and you asked directly about this, is that Invisage Australia has been inactive since the middle of 2006. My understanding is that on 5 April that year Invisage staff were informed of the board's decision to close the company. I have been advised that on 10 April 2006 a structured training and employment project with the Commonwealth Department of Employment and Workplace Relations was terminated by agreement. If you wish, we can go into what occurred in relation to staff and other stakeholders with the company.

Senator RONALDSON—I do not think we need to do that. Are you aware that on 30 March last year, and I am sure you are, Invisage Australia was a cosignatory for a bank loan facility for \$75 million? This was in March 2007. Under what possible scenario could it be suggested that this company was inactive when it was a cosignatory to a bank loan facility some nine months later?

Senator Faulkner—I was advised that by the end of April 2006—and I do not know if this assists you or not—all but nine staff were made redundant and all relevant stakeholders, including students, employers and contract facilitators, were informed of the closure. I was also advised, if it assists you, that by the end of May 2006 statements of attainment were issued for all students transitioning to other training providers. By the end of June 2006, certificates were issued for all completing certificates. I was also advised, which I think also might assist you, that upon completion of the company's 2006 acquittal audit in October 2006 the company wrote to the South Australian Department of Further Education, Employment, Science and Technology seeking to voluntarily cancel its registration as a registered training organisation. In January of last year, it actually received confirmation of its cancelled registered training organisation status. So that is the information I have been made aware of. Hopefully that will assist you.

Senator RONALDSON—If you applied the common-sense test to this matter, if you put everything else to one side and you applied the common-sense or reasonableness test to this question and you walked outside this building and walked down to Manuka or Kingston and said to someone walking along the street, 'Do you think a company that was cosignatory to a \$75 million overdraft facility was an inactive company?' I think the answer to that would be an emphatic no. It must be an active company, under any definition. A company that is cosignatory to a \$75 million overdraft loan facility must surely be an active company. Common sense, I would have thought, dictates that.

Senator Faulkner—Senator, are you sure you have got your facts right here? Are you sure this was not an Ingeus loan facility rather than an Invisage Australia loan facility?

Senator RONALDSON—They cosigned it. It was cosigned.

Senator Faulkner—I think what you will find, Senator, as is expected—and perhaps before you go down this track it might be—

Senator Ronaldson interjecting—

Senator Faulkner—Before Senator Ronaldson perhaps embarrasses himself, I think it might be a fact that the loan document that he referred to listed all Ingeus subsidiaries, both active and inactive. Is that the case?

Senator RONALDSON—That is right. They were part of this loan facility arrangement.

Senator Faulkner—So it is not an Invisage Australia loan facility; it is an Ingeus loan facility.

Senator RONALDSON—Of which Invisage Australia was a participant as a subsidiary.

Senator Faulkner—And it listed both active and inactive subsidiaries.

Senator RONALDSON—But they were nominated as a subsidiary of Ingeus in March 2007.

Senator Faulkner—It listed both active and inactive subsidiaries. In other words, active or inactive alike, they were listed. It is an Ingeus loan facility, not—

Senator ABETZ—Oh, what tangled webs we weave.

Senator Faulkner—This actually is very, very clear. I repeat: it was not an Invisage Australia loan facility; it was an Ingeus facility.

Senator ABETZ—But did the name appear on the loan document?

Senator Faulkner—I have said—

Senator ABETZ—Did the name appear on the loan document—yes or no?

Senator Faulkner—The document, as I have been advised, listed both active and inactive subsidiaries. That is what I have been advised. That might explain Senator Ronaldson's concerns.

Senator ABETZ—Did the name appear in the document? That was the question. It is either yes or no.

Senator Faulkner—I do not think I can explain it any further, Senator. I have tried to explain it to you, and I think it might be beneficial to listen.

Senator ABETZ—Did the name of the company appear on the loan document?

Senator Faulkner—I have indicated to the committee that my understanding is—and I think this is correct—that it was not an Invisage Australia loan facility; it was an Ingeus facility, and the loan document simply listed all the Ingeus subsidiaries, both active—

Senator ABETZ—So the name did appear?

Senator Faulkner—The loan document simply listed all the Ingeus subsidiaries, both active and inactive—end of story.

Senator ABETZ—Why was the name on the document?

Senator Faulkner—Because the loan document listed active and inactive subsidiaries.

Senator ABETZ—Why was it on there?

Senator Faulkner—I do not know that I can—

Senator ABETZ—To add to the security, no doubt. That is the only reason names appear on the loan documents—to help add to the security.

Senator Faulkner—I have explained the situation.

Senator ABETZ—Oh, you have not at all.

CHAIR—You asked a question and he has answered it.

Senator Faulkner—I have explained the situation in relation to this. I think the evidence I have given at the committee is very detailed. It is very transparent for the benefit of the committee. I commend the evidence to you.

Senator RONALDSON—In the standards of ministerial ethics, where is the difference between inactive and active company subsidiaries covered?

Senator Faulkner—Sorry, I missed that. Can you say that again?

Senator RONALDSON—In the ministerial standards document, where is there a differentiation between inactive and active company subsidiaries? Where is the reference to that?

Senator Faulkner—I do not believe there is.

Senator ABETZ—So we have just made this up.

Senator Faulkner—Senator, I do not believe that that distinction is drawn. I will just check with officials that that is right. It is right. The Prime Minister, as you know, declared Invisage as a relevant spouse interest—

Senator RONALDSON—When?

Senator Faulkner—in an attempt to uphold the intent of the House of Representatives resolutions that relate to spouse interests.

Senator RONALDSON—On 13 May?

Senator Faulkner—I think that is the date, but I will need to check the precise date. The Prime Minister has been very transparent in this. He has not gone about, as some other members of the House of Representatives have, and scribbled words like ‘none of which I am aware’ when relating to spouse interests and the like. This is a very transparent approach that the Prime Minister has taken.

Senator ABETZ—This is after the event.

Senator Faulkner—I would be disappointed if the opposition members of this committee did not so acknowledge.

Senator RONALDSON—They are great lines. On 27 April is when the action started. When it was in the paper, the *Sunday Telegraph*, on 27 April and probably the day before, was when the action started. So, quite frankly, I think 13 May is totally irrelevant to this discussion. Of course the Prime Minister is going to put it in there when there was an article in the paper on 27 April. If you had come to me and said, ‘The Prime Minister is not going to do it,’ I would have been more surprised. So I put it to you—

Senator Faulkner—As you know, it is an inactive company. I have explained to you why the Prime Minister has taken the action he did. I might also say to you—and I think this is worth saying because a lot of people in this parliament, a lot of members and senators who are represented in this parliament, and a lot of the members of the public are aware—that last year the Prime Minister’s wife, Ms Rein, made a very difficult personal decision—

Senator ABETZ—That is totally irrelevant.

Senator Faulkner—It is not irrelevant. It is important for this committee to acknowledge the fact that Ms Rein made what I would describe, I think fairly, as a very difficult personal decision to divest herself of her Australian business operations to ensure—

Senator RONALDSON—Don’t try and stitch us up in a guilt trip—

Senator Faulkner—The point here is to ensure that there has been no perceived or—

Senator RONALDSON—I am not going to be stitched up with a guilt trip.

Senator Faulkner—actual conflict of interest between—

Senator RONALDSON—The Prime Minister is the one who made these rules with his new era of openness and transparency.

CHAIR—Can I remind you, Senator Ronaldson, that we are trying to listen to the answer.

Senator Faulkner—Senator, I am trying in a proper way to deal with issues that you raise very unfairly, in my view, that attack the Prime Minister’s integrity. I am responding to these issues in a serious way but I do not think it warrants your shouting at me across the committee like that. I would like to make the point, because it is important, that Ms Rein did make a decision, which I think was a very tough decision, to divest herself of her Australian interests.

Senator RONALDSON—As a lot of our spouses do in this place.

Senator Faulkner—Why was it done? The reason it was done in this instance was so that there could be no perceived or actual conflict of interest of Ms Rein’s business interests with the Prime Minister Mr Rudd’s public duties. I think it is a model of appropriate behaviour and an absolute model of transparency.

Senator ABETZ—You have got to be joking. You do not even believe that nonsense. Sixteen days after it is in the media, he finally declares it. This is a model of transparency? When you get caught, declare. That is the model of transparency.

Senator Faulkner—Just for the record, in response to that outrageous comment from Senator Abetz, no senator—none—publicly declares their spouse interests in this place. None.

Senator ABETZ—Yes we do.

Senator Faulkner—You do not publicly declare your spouse interests.

Senator WATSON—What about in the register of interests?

Senator Faulkner—Yes, but they are not publicly declared. I am not saying they should be. But be very clear about the high standards that the Prime Minister—

Senator RONALDSON—What is your point?

Senator ABETZ—You are attacking everybody else to defend the Prime Minister. It does not work.

CHAIR—Senator Ronaldson has the call.

Senator RONALDSON—Thank you very much, Madam Chair.

Senator Faulkner—You know how the register for declaration works. It was opposed by the Liberal Party in this place; you voted against it.

Senator Watson interjecting—

Senator Faulkner—You opposed it, Senator Watson, so you do not really come here with a great deal of credibility. I remember when we proposed this. I remember the divisions in the Senate. Every which way, time and time again, you opposed not only declarations of senators but also declarations of spouses of senators and partners of senators—and that is a fact. You voted against it time and time again. But the point I am making, and you know this to be true as far as senators are concerned, is that there is no such public disclosure of a senator's spouse's or partner's interests. There is disclosure but it is not public, and I am not suggesting that it should be. But look at what Mr Rudd has done in relation to this. I repeat, it is a model of propriety, a model of proper behaviour and a model of transparency.

Senator ABETZ—That is why Gareth Evans raised Tanya Costello's Commonwealth Bank shares.

Senator Faulkner—You know what happens as far as senators' spouses are concerned. You attack me for what I do and say.

Senator WATSON—All right. How can an inactive company take out a \$70 million overdraft? As soon as you do that, you are starting to be active.

Senator Faulkner—It did not. I have explained the situation that this was not an Invisage Australia loan facility. It was an Ingeus loan facility. If I have said this once, I have said it 10 times.

Senator WATSON—A company controlled by Mr Rudd's wife took out a \$75 million overdraft. Is that factual or not? You are saying it is not.

Senator Faulkner—I have explained it. I do not think I can explain it any better than I have tried to do before this committee. I would commend the evidence that has been provided to you. It has been very frank, very open and very clear.

Senator WATSON—Except for all the hyperbole. But did a company controlled by Kevin Rudd's wife take out a \$75 million overdraft? Did an inactive company, whether it was top of the list or the fifth subsidiary down, take out a \$75 million overdraft—a company which was claimed to be inactive?

Senator Faulkner—The loan document listed the subsidiaries of those active and inactive companies—

Senator WATSON—I am just asking a question.

Senator Faulkner—I know you are, and I have actually answered this question before but I will answer it again. That is the situation.

Senator WATSON—Was that loan taken out by an inactive company? Yes or no?

Senator Faulkner—Senator, the loan facility was Ingeus and the loan—

Senator WATSON—I do not know the names of these companies.

Senator Faulkner—Obviously, so I wish you would not ask these questions.

Senator WATSON—Just answer my question.

Senator Faulkner—It was not an envisaged Australia loan facility; it was an Ingeus loan facility. The loan document I think is best explained as simply listing active or—

Senator WATSON—If you cannot convince me, you are not going to convince the press.

Senator Faulkner—I am sorry?

Senator WATSON—If you cannot convince me, you cannot convince the press. Your answer to my question should be either yes or no—as simple as that.

Senator Faulkner—The answer to the question that you are asking I think I have answered on a number of occasions already this evening—

Senator WATSON—Yes or no?

Senator Faulkner—And I think it has been very clear.

Senator WATSON—No—

Senator Faulkner—The answer to your question—I will say it again—is that this was not an envisaged Australia loan facility; it was an Ingeus loan facility.

Senator WATSON—Those names mean nothing to me.

Senator Faulkner—Obviously, but please do not ask these questions.

Senator WATSON—All I want to know is: did a company, owned by Therese Rein, take out a \$75 million overdraft when that business was deemed to be inactive? It is simple.

CHAIR—I think that has been asked a number of times, Senator Watson, and the minister has responded.

Senator WATSON—Well, can you give me the answer?

CHAIR—I am not here to give evidence.

Senator Faulkner—I will say it again just for the record so that Senator Watson is clear he says to me that he does not understand the differences or what the companies are. It is actually critically important to do so, Senator, and I am surprised with you, who tend to be generally reasonably meticulous about these sorts of things.

Senator WATSON—Yes, I am very meticulous.

Senator Faulkner—You tend to be, but on this occasion you are not being meticulous—

Senator WATSON—I am concerned about a breach of corporate law.

Senator Faulkner—It is, Senator, if I can say through the chair, an Ingeus Ltd loan facility.

Senator WATSON—Answer this question, then, if you will not answer more directly.

Senator Faulkner—All subsidiaries are listed on the loan document. Ingeus Ltd is an active company. It is Ms Rein's company. It seems pointless, Chair, saying this again, but there it is.

Senator RONALDSON—Minister, can I just say to you that it is the Prime Minister who, when he came into office, set the high jump bar at the height that it is, and I can tell you now that we will continue to pursue him on every occasion when he does not get anywhere near that high jump bar and when he would appear to have deliberately avoided his responsibilities under both these codes and other things that he has put in place. I will read it to you again. The foreword says:

... and be responsible for the way they exercise their powers and accept the full implications of the principle of ministerial responsibility.

Why will the Prime Minister not say: 'This was a mistake. I should have done something about it; I didn't and I will correct the record'? Why go down this path of deliberately trying to mislead the Australian public with notions of activity and inactivity and completely trying to cloud this whole issue? Why not just say, 'I did not meet my own standards of ministerial responsibility and I will not do so again in the future'? Why go through this? Why is he so sensitive that he will not acknowledge a clear breach of his own rules? As Senator Watson has said, it is as plain as the nose on your face that this company was involved in it. So why deny it?

Senator Faulkner—If I can respond, I have made it, I think, very clear to this committee what the situation here is in relation to this matter. Let's just very quickly go through the facts. It is true that, on 13 May, the Prime Minister declared Invisage Australia as a relevant spouse interest on his statement of registrable interests in the House of Representatives. The facts of the matter are—certainly in my understanding, which I have tried to as faithfully as I can reflect to this committee—that Invisage Australia is a wholly owned subsidiary of Ms Rein's company, which is Ingeus Ltd. The committee may not be aware, but let me assure the committee that Ingeus has been long declared on the PM's pecuniary interests declaration as a relevant spouse interest.

I have outlined—I do not want to go through it again—the history in relation to Invisage, which has been an inactive company since the middle of 2006. It is certainly true that the Prime Minister declared this company, Invisage Australia. He did so as a relevant spouse interest in an attempt—an appropriate one—to uphold the spirit of the House resolution, the intent of the House resolution relating to spouse interests. I have outlined the situation in relation to Ms Rein, and I think it is very well known—but, disappointingly, apparently unacknowledged on this committee—that she made the decision to divest herself of her Australian business operations—

Senator WATSON—We are not arguing about that.

Senator Faulkner—to actually ensure that this sort of circumstance did not occur—in other words, that no-one could suggest there was any actual or perceived conflict of interest—

Senator WATSON—That is not the issue. She is to be applauded.

Senator Faulkner—between Ms Rein's business operations and her husband's, the Prime Minister's, Mr Rudd's, actual public duties.

Senator WATSON—Full marks for that!

Senator Faulkner—Thank you; I appreciate you saying that. This is an indication of the extent that the Prime Minister and his wife have gone to to ensure that there is proper process here. I would say probably—

Senator WATSON—You just have not answered the question.

Senator Faulkner—Sorry?

Senator WATSON—This is wonderful stuff and I applaud you, but I have asked you a question and you will not answer.

Senator Faulkner—That is not right. That is the situation that is faced here, and the reason that the name of this inactive company appears on the loan facility is that all subsidiaries, both active and inactive, appear on this Ingeus loan facility. I reckon most people would say that this is someone adhering not just to the letter, obviously, but very much to the spirit of the prime ministerial code and requirements in relation to declarations of interests here. It is very, I think, proper behaviour. It is behaviour of the highest standard, and I really think that this committee and its members ought to acknowledge that that is the case. That is my strong view and I would be disappointed if it was not the view of other members of the committee.

Senator ABETZ—Chair, can I ask one last question on this and ask the minister to take this on notice so we do not need an answer? Can the minister take on notice whether the seal of this inactive company was affixed to the loan document?

Senator Faulkner—I am happy to take that on notice.

Senator ABETZ—Thank you.

Senator RONALDSON—Madam Chair, I will need to put a lot more of this on notice, unfortunately. Just in relation to the Lobbying Code of Conduct, Minister, can you advise the committee who lobbied you on the lobbyists code?

Senator Faulkner—Did any lobbyists lobby me?

Senator RONALDSON—Yes.

Senator Faulkner—No.

Senator RONALDSON—In Budget Paper No. 2 on page—

Senator Faulkner—But, while I did not receive any individual lobbying, I think it is really important that the record does not suggest that there were not opportunities for a range of organisations, including lobbying companies, to make submissions. You would appreciate that I made a decision to publish an exposure draft of the code, as you know, and there were—I will get the precise figure for you—25 submissions in relation to the code. So I want to be really clear here that, while this may not have been personal—and I have interpreted your question as meaning, if you like, a lobbyist coming and speaking to me directly about the code, which did not occur—I can assure you that some 25 submissions were received in the process that was enabled by the Department of the Prime Minister and Cabinet, given that an exposure draft of the code was made public.

Senator RONALDSON—Thank you. I will put the rest on notice. Can you explain to the committee in relation to the lobbyists code why it is appropriate for you to have the final say as to who is in and who is out?

Senator Faulkner—I think you are referring to clause 10.4 of the code. In my tabling statement in the Senate, you might recall that I indicated that I expected that the capacity to direct the Secretary of the Department of the Prime Minister and Cabinet to refuse registration or remove a lobbyist from the register would be used in exceptional circumstances only. You would note now that this would only occur after the individual concerned had been given an opportunity to comment on the circumstances concerned. I can say to you that, in relation to the submissions that were received during the process that I have outlined to you, these issues were raised in a number of the submissions. If you are interested—I was just trying to see whether I could find for you the precise number, but I do not think I am able to turn it up for you, although I did have the figure available and I apologise. I will see if I can find that figure for you.

In relation to the Cabinet Secretary's role, I suppose I would say to you that the effect of refusing someone registration as a lobbyist is effectively the same as the government determining the person should not have the opportunity to meet ministers and officials in their capacity as a lobbyist. So I would certainly acknowledge that a decision to refuse registration would involve a significant exercise of ministerial power and I would say that—

Senator RONALDSON—Senator, with respect, this committee really will need to get through these—

Senator Faulkner—I would not see this being used in anything other than the most exceptional of circumstances. I can say to you that, before I would make any decision of that nature, I would certainly write to the person, explain why I would propose to take that course of action and also take any response, I can assure you, into account. I can say to you that it certainly has always been my intention to afford individuals natural justice before directing the Secretary of PM&C not to register a lobbyist or to remove a lobbyist from the register. I have indicated to you that the submissions that were received—there were a number of those—if you are interested, I am happy to take on notice, because a number did raise this issue. If you are interested I will take that on notice.

Senator RONALDSON—Thank you. You will appreciate that this is not a reflection on what you may or may not do and the way you may or may not approach this, but it is an extraordinarily powerful position for someone to be in to effectively determine who can or cannot lobby any government of any persuasion—if you assume that when we get back into government we will keep this code. It is an extraordinary power and I ask you why you would not actually delegate this sort of responsibility to the secretary of the department to ensure that there was a level of openness and transparency that could not be in any way disputed.

Senator Faulkner—We looked through a range of models in relation to this. I have said to you and I will say to you again: I do not see such exercise of ministerial power being exercised in anything other than the most exceptional of circumstances. Obviously, in the development of the code I worked closely with officials in Prime Minister and Cabinet and worked hard to get the balance right. I worked hard to reflect the submissions that came in

from those who had expressed a view on the code and I have to say to you that there was in fact a very positive response. It is also, I suppose, for the completeness of the record, appropriate to say to you that, apart from the natural justice issue that I have outlined, it is also true that, on the advice I have, if individuals are affected by a decision relating to their registration, they may be able to seek judicial review of that decision in the High Court on common-law grounds under section 75 of the Constitution or in the Federal Court under section 39B of the Judiciary Act. But you can rest assured that this power would not be exercised in other than the most exceptional of circumstances.

Senator RONALDSON—Can I just put on the public record that the coalition is vehemently opposed to what we believe is an outrageous power given to your position—you personally, but your position. We believe that there should not be a situation where someone is required to go to the High Court or wherever it might be to get this result and we believe that you have made a very, very big rod for yourself and the government by leaving this measure to yourself, a member of the executive, who will determine who does or does not get access to the government. I put on notice that that will be the very first change that we will make when we come back into government to address what we believe is an appalling situation. That is a comment and not a question. I will leave it there.

Senator ABETZ—Chair, can I ask a question or two on FOI?

CHAIR—Yes. Can I just get some indication then for the department—

Senator ABETZ—And then the 2020 summit.

CHAIR—They will have to come back after dinner for that.

Senator ABETZ—Or let us see how we travel.

CHAIR—You have 10 minutes.

Senator MINCHIN—Can I suggest that we try to put as much on notice as possible? I think it would be good if we could finish the department by 6.30.

Senator ABETZ—In relation to FOI, who is the relevant officer who can take questions and give answers?

Senator Faulkner—The officials at the table can assist you. If not, we will make sure that other officials—

Senator ABETZ—Thank you very much. I was going to lead into how the decision making is determined in relation to freedom of information requests. Can I just be quite blunt up front: I was horrified when I received a decision by Mr Godwin Grech, who is Assistant Secretary of the Industry Policy Branch, with a freedom of information request. When I went through the decision the documents revealed that he sat in judgement on emails that he himself had received and sent and then, on the top of, had a deletion under section 22. I would have thought in anybody's language it would be a huge conflict of interest that you can sit on judgement on your own documentation as to whether it should be revealed under a freedom of information request. I think that is a matter of great concern to anybody, and I was just wondering what the principle is that is employed in Prime Minister and Cabinet as to who is the decision maker in circumstances where people are conflicted.

Ms Belcher—It is the case that when a request covers documents that the officer who is familiar with the documents is the one to examine the files and generally be the decision maker. But all exemptions are discussed more centrally in the department so that no decision maker would feel free to claim an exemption that did not have in the department's view a sound base.

Senator ABETZ—The document from Prime Minister and Cabinet tells me 'decision by Godwin Grech'. It does not tell me 'decision by a collective of individuals in Prime Minister and Cabinet'. An individual made that decision. An individual is therefore personally responsible for that decision and sits in judgement on his or her own emails. I would have thought you would be telling me: 'Oopsie; this was a slip-up. It won't happen again. Clearly there is a conflict of interest.' I am concerned that you are telling me by implication that this is somehow standard practice.

Ms Belcher—It is usual for people who are familiar with the documents to be the decision makers, so there will be some documents that the person had some contact with and possibly they will be emails.

Senator ABETZ—But you know what I am saying. This person was the author, the personal author and personal recipient of documents. We are not talking about some knowledge of the documents, some contact with the documents. He was the author and recipient of documents and then deleted something in relation to those documents. That is a lot different and, I would have thought anybody would say on the face of it, a clear conflict of interest, but Prime Minister and Cabinet does not think so.

Ms Belcher—I will have a look at the case. I am not familiar with it personally.

Senator ABETZ—If you could, please, and get back in touch, because I would have thought—and if this happened under the previous government, so be it—it is a conflict of interest to be sitting in judgement on documents you yourself have authored. I also just note that this was a request in relation to the Bracks review and that, interestingly enough, I asked a question on 13 February about this and all documents after 13 February are made available and all documents before 13 February are somehow not disclosable, which is fine. I will have some discussions about that afterwards.

Can I also refer, in FOI, Chair, to a document that I have received from this government. Out of 37 pages, 27 were completely blocked out. This was a review of the LPG scheme. We have this ridiculous situation where on the bottom of page 8 we have five footnotes not expunged telling us that the source is the Australian Bureau of Statistics—footnoted, not expunged—but the actual information from the Australian Bureau of Statistics is expunged, is somehow secret. This is the new era under this government of freedom of information. For what it is worth, I took this down to the local supermarket thinking that the barcode reader might be able to read it for me, and it turned up pollywaffle and the cost was transparency. I would ask the government to seriously consider its approach to these documents, because it is quite clear that you are not doing anything of the sort that you promised in relation to FOI.

Senator Faulkner—Is that a PM&C—

Senator ABETZ—No, it is from another area. But, knowing of your exceptional role in government, I just ask you to pass it through all the ministries that when these requests are

made, when the footnotes and the sources are clearly available, to then expunge the material that is sourced from public documents is well over the top. To give us a document that has 27 out of 37 pages fully expunged clearly is not acceptable. But I am aware the time is moving on.

Senator FORSHAW—I have one question to ask. I have an entirely different area that I want to ask a question about, if I can. I will throw it in now. I want to know what has happened to the royal coach.

Senator MURRAY—I will stay with FOI, if I can. Minister, can you bring us up to date as to where we are with the development of the new FOI legislation?

Senator Faulkner—At the moment, as the minister responsible, I am working as assiduously as I can on these issues within government. Government, as you know, has a clear policy position on these matters, and I am working as hard as I can in terms of ensuring that those commitments are implemented.

Senator MURRAY—I want to compliment you on putting out an exposure draft of the lobbying code and then later on the final code. Is it your intention with the FOI legislation to do the same, to release an exposure draft—because it is an area of great interest and concern, and I am sure it will attract a Senate committee process? It might be best with an exposure bill rather than a final bill.

Senator Faulkner—That is certainly an option. These are obviously matters for cabinet's consideration in the final analysis, as you would appreciate, but that is a serious option. I have to say to you, in relation to the Lobbying Code of Conduct, I think the process did work well. It is not something that we have seen much of at the Commonwealth level, but in this case I think what was a strong draft code was actually improved by that exercise. So I do understand the reasons that you suggest that that is one approach for the government to adopt. Obviously, current FOI decisions are being made under the existing legislative framework, as you would appreciate.

Senator MURRAY—Madam Chair, it depends obviously on the length and the nature of the exchange between us, but I would guess I have five to 10 minutes more on this topic, so if you want to break now you can. I only want to deal with the minister on the topic; I do not need the officers. I am talking about freedom of information.

Senator Faulkner—There might be some technical issues that officers can answer that I cannot. But perhaps I can just check with you, Chair: apart from Senator Murray's questioning, does that then complete—

CHAIR—I am afraid not. The department will be required to come back because there is a significant amount of questions still to come on the 2020 summit, as I understand. My understanding is that then, before we get on to the Australian National Audit Office, the Office of the Privacy Commissioner will come on, so we still have some work to do.

Senator Faulkner—If that is the case, we may as well have the break now. I thought this might have been the last matter and, if it was, I was going to suggest that we see it through.

CHAIR—If we could do that, we would.

Senator Faulkner—I will just provide this information: of those 25 submissions received from individuals and organisations in relation to the Lobbying Code of Conduct, six commented on section 10 about the power of the Cabinet Secretary. I also table, in response to Senator Minchin's earlier question, the composition of the cabinet committees, as requested.

Proceedings suspended from 6.32 pm to 7.35 pm

CHAIR—Welcome back.

Senator FIFIELD—If I could at the outset offer the committee an apology, Chair. I was unwise to rely on the evidence of Senator Sherry to which I referred earlier. Senator Sherry has corrected himself in the other estimates committee saying that he has not received a charter letter but was instead referring to his letter of appointment. So I am not sure: either Senator Sherry has received a call from Senator Faulkner's office during the break to say, 'Get the story right,' or there is complete confusion in the ranks of government ministers as to whether there are charter letters.

Senator RONALDSON—I am tipping the former.

Senator FIFIELD—I think Senator Ronaldson is probably correct in tipping the former but I apologise for relying on Senator Sherry's evidence. Thank you.

Senator Faulkner—Chair, can I indicate that—they made a few tips over there; I am glad they did not put any money on them—I have certainly had no contact with Senator Sherry nor has my office. The first I have heard of it is now.

Senator MURRAY—Just to finish off where I was pre-dinner, Minister: I had the impression with you, although you obviously cannot be finite about the matter, that you will try and complete your draft freedom of information bill this calendar year. There are some elements within the existing law on which your government already have settled policy, and I want to go specifically to the conclusive certificate issue. As I understand it, the amendment of the present provision allowing for conclusive certificates is a very easy one. It is effectively a deletion of that provision, but you may have other advice. Is it your intention or are you prepared to consider moving an earlier bill to rid us of that pernicious mechanism, bearing in mind that, if you complete your draft bill for the overall legislation later this year, it might not pass into law until well into 2009, given the heavy legislative program you have got ahead of you.

Senator Faulkner—That is certainly an option. I appreciate the point that you make about conclusive certificates. I can say to you that the government had a clear policy on this issue, as you know, when it came to office. I think there is probably a lack of understanding in relation to the issue of conclusive certificates. Without a conclusive certificate, of course, there is still a full merits review by the AAT of exemption claims, as I know you are aware. The argument is that if conclusive certificates do not exist that is a significant step towards ensuring better accountability in government decision making on FOI requests. But, again, I appreciate the point that you make. But, in advance of a decision by cabinet, there is not a great deal more about the process that I can really share with the committee. I know that you appreciate how the decision-making process works.

Senator MURRAY—I do. I am just concerned we make some progress rather than—

Senator Faulkner—I appreciate that. The point that you make is well taken.

Senator MURRAY—My last brief set of questions in this brief section I have on FOI is this. I see FOI in kind of two sections. The first is what the law and the practice will be in future, because it is both a cultural and a legislative issue, and that will unfold when you produce your bill. The other is how to deal with the past and whether a line is drawn or whether previously refused FOI requests are capable of being revisited. I am not going to discuss that in general. I want to deal with a specific issue: the waterfront dispute. On 13 May 1998, the minister made a statement in response to the order of the Senate of 13 May 1998, partly on the basis of the sub judice convention. It was Senator Alston at the time. He seemed to indicate that disclosure of the documents was likely to contaminate the discovery process and prejudice all parties' legal rights. The documents would be subject to confidentiality and the production of documents would be contrary to the sub judice convention. I am not certain as to what the statute of limitations is and so on, but it seems to me that the legal grounds that might have been there in 1998—10 years ago—and might have applied might no longer apply.

I am aware that there has been media debate and debate by leading members of the community about this issue. Has the government got any settled view on revisiting these areas which were refused—perhaps for reasons which are now time expired, such as being potentially sub judice or potentially subject to legal action?

Senator Faulkner—You asked me if the government has a settled view. To answer your question very directly, the government is yet to make a decision on existing certificates. You identify one certificate in particular in relation to the waterfront dispute. I understand the significance of that issue, but, because the government is yet to make a decision in relation to existing certificates, I am really not in a position to say how that more specific issue would be approached.

Senator MURRAY—I appreciate you cannot really engage in this in any well-informed or detailed fashion—obviously you cannot. I wonder whether you would consider taking this question on notice: is the government of the view that the grounds that I outlined in general still apply in that the release of the documents at that time were likely to contaminate any discovery process and prejudice parties' legal rights or be subject to the sub judice convention?

Senator Faulkner—I am happy to take it on notice but I would mention a caveat here which, again, is a timing issue. Obviously, it may not be possible to respond to such a question within the normal time frame for the committee, depending, as you would appreciate, on the timing of the government decision. These things are not always reflected in tables of answers to questions on notice. I have had to mention a similar caveat earlier today in relation to another question I have taken on notice. Subject to that caveat, yes, I am happy to take it on notice.

Senator MURRAY—I accept that, by the way. I think that is a reasonable response. My view is that, if the legal grounds for withholding no longer apply because of the effluxion of time, the question is a policy one. Is it proper for them to be released? Do you simply draw a line under these events and leave it alone or not? It was specifically withheld from the

parliament chiefly on legal grounds. I think the effluxion of time might have done away with that. That is why I couch my question as I do.

Senator WATSON—Earlier before dinner there was a lot of debate about whether a company owned by Ms Rein was active or inactive in terms of the requirement for registration. I submit that that is one line of approach, but I would have thought another way of looking at it would be whether the company had assets and liabilities—assets that could be discharged or realised or liabilities that could be discharged. I would have thought that was the real determinant as to whether registration was required for the purposes of the pecuniary interest. Maybe you might like to take that on notice.

Senator Faulkner—Senator, you raised this with me informally before the commencement of the hearings and I indicated to you that I would take the question on notice. I do so.

Senator WATSON—Thank you.

CHAIR—I think Senator Forshaw has one question in relation to ceremonial and hospitality.

Senator FORSHAW—The royal coach. Can somebody give us an update—I am sure Senator Ray will read this *Hansard* with deep interest. Mr Frecklington, I think, has built this royal coach and we have been told that it is nearly completed and that it is going to be shipped off to Her Majesty at some point in time. Where are we at with the coach?

Senator Faulkner—It is a state coach, not a royal coach. What would you like to know?

Senator FORSHAW—What is the current status of the state coach and its eventual shipment to the United Kingdom? I understand that it will be shipped there. I have read a number of articles over some time about this and I understand that the builder, Mr Frecklington, now has it on display in a location in the northern suburbs of Sydney—I think, in the Manley area. People can pay a fee to go and look at it. I know that it is advertised in magazines for people who might be involved in wood-turning or other arts and crafts activities. I keep reading and hearing—and I think we have been told this at previous estimates—that the eventual intention is that this be a gift to Her Majesty. Of course the previous government made a sizeable contribution—was it \$250,000; you might remind me? I would like to know whether it has finally been shipped to the UK? Do you know when it is going to be shipped, if it has not?

Mr Mrdak—The department does not have any further advice to the previous position. As far as we are aware, it is nearing completion, but what you are suggesting is that it has been completed.

Senator FORSHAW—I do not know if it has been completed, Mr Mrdak. I do not want to take the time tonight but I draw your attention to some articles I have read recently in a Sydney newspaper, a magazine in a newspaper and also in some other magazines that say it is actually on display, but that does not mean it may be completed; I do not know. People are being charged and tours are being run for visitors to go and have a look at it.

Senator Faulkner—I have seen, Senator, press articles that go to that point. There is a briefing being provided to me for this round of estimates which indicates that Mr Frecklington has advised that the coach is ‘nearing completion’. That was advised in a letter to the then

Prime Minister on 29 August 2007, and I understand there has been no subsequent advice, which I think deals with the first part perhaps of your series of questions, Senator. For the rest of it, obviously, I can find out the detail of whether the coach is on public display—or attempt to find out.

Senator FORSHAW—Can we get a further update on when it is expected to be completed and shipped to Her Majesty because it has been going on for some time now? My understanding is that a contribution was made—

Senator Faulkner—My recollection is that I think the birthday has been missed.

Senator FORSHAW—Yes. Whether it was the original one, subsequent ones or the public holiday one. But that is correct: a large contribution was made by the government to this project.

Senator Faulkner—That is \$245,548.73.

Senator FORSHAW—One assumes that we have an interest in whether ultimately it will be completed and delivered and when. But I will leave it with you to come back to us.

Senator FIFIELD—Senator Forshaw, I think the sooner it leaves these shores, the better.

Senator FORSHAW—I will send that to Mr Frecklington, if you like, if I can find his address.

CHAIR—Are there any further questions on that item; otherwise, Senator Ronaldson?

Senator RONALDSON—I am surprised that you know that I do not have any questions on the coach. I think that some of my colleagues have some freedom of information questions but I will wait for them to return. In the meantime—

CHAIR—There were some questions earlier answered on freedom of information.

Senator RONALDSON—Did Senator Abetz ask them?

Senator Faulkner—I have the feeling, Senator, if you are referring to Senator Abetz, that he had completed that line of questioning. I do not want to put words in his mouth but, yes, I think we all have that impression.

Senator RONALDSON—Terrific. I have some but I will ask these and then throw to one of my colleagues. I want to turn to the 2020 Summit: I am just wondering whether, Deputy Secretary, you have got an itemised cost for the summit that you can table.

Mr Mrdak—I do not have an itemised cost breakdown at this stage but I am happy to take that on notice. As you can see, in the budget measures, \$2.6 million has been appropriated in the budget forward measures for this year for the summit. At this stage, we anticipate operating within that budget. Our expenditure has been around \$1.9 million, while we still have a number of invoices to come in and settle.

Senator RONALDSON—Can you provide me with an itemised cost for transport, accommodation, venue hire, audio-visual productions, wages, printing and all contracts entered into for the 2020 Summit—catering and all other expenses? You do not have any figures available at all that you can give the committee?

Mr Mrdak—I can certainly take you through some of the key contracts in terms of the contract values and expenditure to date, if you are happy to do that.

Senator RONALDSON—Please.

Mr Mrdak—Firstly, the summit content and program development was a contract with the University of Melbourne vice-chancellor's office. The total of that contract—and this has been expended and acquitted—is \$317,558.88.

Senator RONALDSON—What was that for?

Mr Mrdak—That was reimbursement of the costs incurred by the University of Melbourne in doing the program content and development for the summit. It covered the reimbursement for some staff costs of the VCO, some contractors and consultants they engaged, secondments of staff from other agencies, the printing of programs, some facilitation advice and some work on the opening session of the summit. The total of that reimbursement and those costs was the \$317,000.

Senator RONALDSON—If you take it on notice, can you provide me with a detailed list of those costs?

Mr Mrdak—Yes, certainly. If I may, what I do have is the cost of office of vice-chancellor's staffing—

Senator RONALDSON—I do not need those now, but if you can take those on notice, I would be grateful. And some of the other major contracts?

Mr Mrdak—The project director was engaged. To date, the expenditure on that person has been \$100,494.

Senator RONALDSON—Was that an individual?

Mr Mrdak—That was an individual—it was Linda Hornsey. She was engaged as the project director.

Senator RONALDSON—Is she from a company or just an individual?

Mr Mrdak—She is an individual who was engaged under a labour hire agreement for the purposes of being the senior person to manage the facilitation of the summit and the arrangements for the department.

Senator RONALDSON—Was that something that went out to tender and was advertised?

Mr Mrdak—No, that was a direct source to that individual. Ms Hornsey was a former head of the premier's department in Tasmania. She was selected on the basis of her skills and experience, having dealt with a similar project in Tasmania.

Senator RONALDSON—A national 2020 summit in Tasmania?

Mr Mrdak—No. She developed the Tasmania Together program in Tasmania, and she was engaged on the basis of that experience and also her senior management experience as a former senior office of the Tasmanian government.

Senator RONALDSON—Was her name provided to the department?

Mr Mrdak—Yes.

Senator RONALDSON—Who provided her name to the department for consideration?

Mr Mrdak—I am advised that when the summit was announced, Ms Hornsey contacted the office of the Prime Minister to express an interest in being involved. Her name and some others were provided to the department. The department then contacted Ms Hornsey—and she was well known to senior officers of the department—and started discussions with her about her availability for the role. While the name was suggested by her contact with the Prime Minister's office, the discussions and the contractual arrangements were all undertaken by the department.

Senator RONALDSON—Do you know if Ms Hornsey had carried out any work for the new Labor government prior to this contract being awarded?

Mr Mrdak—Not that I am aware of.

Senator RONALDSON—Have there been any further contracts awarded to her since?

Mr Mrdak—No.

Senator RONALDSON—Do you know if she did any work for the Labor government in Tasmania?

Mr Mrdak—Ms Hornsey was a senior officer in the Tasmanian public service as the head of the premier's department till her retirement last year, I understand.

Senator RONALDSON—Were the other names submitted by the department or were they submitted by the Prime Minister's office as well.

Mr Mrdak—I understand there were a number of names being considered around that time, just after the Prime Minister announced the summit on 3 February. The department looked to find a suitable senior officer who could undertake the task of project director. Obviously, this was going to be a very difficult project, given that we had some 11 weeks or so in which to organise the summit and the arrangements for it.

I understand there were a number of discussions held within the department about a suitable senior officer, but none could be identified. A project team was put together very rapidly, drawing where we could from staff who had previous experience in APEC last year. But we were not able to identify a suitable project director at that point.

Senator RONALDSON—Thank you, Deputy Secretary. Was this advice received by the department from the Prime Minister's office in writing or by telephone?

Mr Mrdak—My understanding is that it was verbal and it just indicated that she, and some other people, had indicated an interest in being involved and asked whether they could be of value. My understanding from talking to the senior officers in the department who engaged Ms Hornsey is that she was well known to them and, once her name was raised, they then went through the process of assessing her availability and also her suitability. She was engaged by the department following that.

Senator RONALDSON—Who from the Prime Minister's office gave this oral communication of the suggested list of contractors?

Mr Mrdak—I am not aware of that directly.

Senator RONALDSON—Can you take it on notice please.

Mr Mrdak—I am happy to. I think it arose in a series of conversations that were happening around the time of the announcement.

Senator RONALDSON—Can you also take on notice the names of the other people that were suggested from the PMO that might have been suitable for this position.

Mr Mrdak—I will check that, Senator. There were also names being suggested by the department in terms of people that we were aware of in Canberra, but my understanding is that the names we were considering were not available at that time.

Senator RONALDSON—Was there a committee formed to look at this matter?

Mr Mrdak—There was a team formed within the department straight after the Prime Minister's announcement to start to work on this. It was headed by Dr Louise Morauta, who was the deputy secretary of the department until recently.

Senator RONALDSON—Was the PMO involved in that group?

Mr Mrdak—I think there were discussions with the Prime Minister's office. I do not think they were formally part of any such group within the department.

Senator RONALDSON—I look forward to those answers.

Mr Mrdak—Shall I keep going through the list of contractors?

Senator RONALDSON—Yes, if you would not mind.

Mr Mrdak—Parliament House had a total contract of \$162,195.78 for the use of Parliament House guides, nursing services, telephonic services, IT infrastructure and the like. Parliament House security was \$39,595.36. For Event Planners Australia, the total expenditure to date is \$165,852. That was for the management of the event.

Senator RONALDSON—There is more to come on that is there?

Mr Mrdak—I think that is the final estimate. There were some prices published on AusTender which were maximum amounts or contract prices. What I am giving you is the actual expenditure to this date under these contracts, rather than the amount that is on AusTender. Bear with me a little bit, Senator.

Senator RONALDSON—Sure.

Mr Mrdak—For production of the event, \$237,779 went to Great Big Events. Kennards Events Canberra was \$2,971.12. Wwave, along with Kennards, for venue hire and equipment was \$14,080. To the Hyatt Hotel Canberra for catering and all the meals—and this represented over 10,000 meals—went \$239,285. A company called Thylacine provided a time capsule for the event which will be on public display; that was \$11,785.40. CanPrint Communications did the mail out for the department; that was \$11,715. To Adler and Stoyles printers went \$7,227. For advertising and public notices in relation to calls for invitations, \$17,207.31 went to hma Blaze. Zprod Productions, which is a production company, was \$25,584.13. Ian Waldi Photography was \$3,987. Viocorp, which provided video services, was \$24,200. Zoo Communications was \$48,664.20. The government network services branch of the Department of Finance and Deregulation was paid \$69,815.39 for technology services.

Lexmark Printers were paid \$22,000 for the documentation centre. Nova Topstage were paid \$19,659 for audio services. Deloittes were paid \$46,750 for website development. Auspic received \$15,015. CMAX Communications was \$56,358. The Radisson Plaza Hotel was paid \$12,605.59 for the Jewish symposium that was held in Sydney on the 14th. Stream dinners were \$63,660.

Then there are some additional transport costs: ACTION buses, \$3,828; Comcar, \$8,786. To Clayton Utz, for legal services, there is \$12,444. Then there are some assorted smaller contracts for uniforms and the like for scribes and liaison officers: Paddywhack work wear, \$2,718; Insignia Design, \$2,096.23.

They are the contracts which were entered into. On top of that, there are staff costs which were incurred by the department. As I said to you, at this stage we envisage coming in within the \$2.6 million.

Senator RONALDSON—Thank you.

Senator FIERRAVANTI-WELLS—What were the legal costs for?

Mr Mrdak—Largely for the development of procurement contracts and the like.

Senator RONALDSON—Can I take you to the time capsule. I am sure Senator Faulkner is shuddering at the thought of what lies ahead in relation to these matters. Where was the time capsule buried?

Mr Mrdak—It has not been buried. The intention is that it will go on public display in Parliament House.

Senator RONALDSON—What is in the time capsule?

Mr Mrdak—Each of the participants in the summit was asked to record what they felt they would like to see. They were asked to make a personal commitment to the actions they will undertake to make Australia better by 2020. Each participant then recorded that and put it into the time capsule. The intention is this will then go on public display and be opened in 2020.

Senator RONALDSON—Minister, what a lot of fluff! Honestly and truly. Eleven thousand dollars of taxpayers' funds for this—what utter self-indulgence! What was that \$11,000 made up of, Deputy Secretary?

Mr Mrdak—It is the construction of the time capsule.

Senator RONALDSON—How big is it?

Mr Mrdak—It is a series of cubes which is an artistic creation which is designed to hold all of the participants' comments.

Senator RONALDSON—Perhaps we can put that on the coach and send it off as well!

Senator Faulkner—It is a lot cheaper than the coach. It is much smaller as well.

Senator RONALDSON—That might be—

Senator Faulkner—I have just heard that you could put 24 time capsules on the coach, if they would fit, for the cost of the coach. So you could really time-capsule out the coach. The coach actually sounds like a bit of a time capsule itself, as far as I can tell.

Senator RONALDSON—But at least it has not got the same self-indulgence that this has got.

Senator Faulkner—Oh, really? You think that diamond encrusted handles and—

Senator FIFIELD—Neither is a worthy expenditure of government money.

Senator Faulkner—I see.

Senator RONALDSON—I thought we had already had sufficient flippancy from our side about that to support you, Minister. Can I take you to the event. We had Event Planners Australia.

Mr Mrdak—That is correct.

Senator RONALDSON—Then we had Great Big Events and then we had Kennards Events.

Mr Mrdak—Kennards Hire. Let me start with Event Planners. Event Planners managed the accreditation and registration process for the participants. They facilitated all of the registration process and produced all of the accreditation material and the like for the summit.

Senator RONALDSON—Some of my colleagues may have questions on the information you have just provided, but when was the department first advised of the creation of the 2020 summit?

Mr Mrdak—The summit was announced on 3 February. I do not have details of any prior discussions that may have taken place. I am happy to take that on notice.

Senator RONALDSON—How was it advised?

Mr Mrdak—I would have to take that on notice. Certainly the Prime Minister made a public statement on 3 February announcing his intention to hold a summit.

Senator RONALDSON—When was the department advised?

Mr Mrdak—I would have to take that on notice. That predated my arrival in the department. I will take that on notice.

Senator RONALDSON—I understand your situation, but are there any officers here that can answer what I would have thought was a reasonably simple question as to when the department was advised of something that was worthy of an \$11,000 self-indulgent time capsule? Has one of the officers got an answer for me?

Mr Mrdak—Unfortunately the senior officers who were dealing with this matter are no longer with the department.

Senator RONALDSON—How many senior officers does that include?

Mr Mrdak—Certainly the deputy secretaries who were involved at that stage are no longer with the department, and the task force which was formed by the department to pull the summit together has now been dissolved.

Senator RONALDSON—Deputy Secretary, I understand your predicament. I am a great admirer of your professionalism, as you are acutely aware. But I find it bizarre that we are not able to be given a date about when the department was involved. Are you aware whether there

had been any discussions prior to the official announcement—whether the department had any discussions with PMO or anyone else?

Mr Mrdak—I am not aware of them but I am happy to take it on notice and come back to you.

Senator RONALDSON—When did the department become aware that tenders would have to be released for services at the site?

Mr Mrdak—As I said, once the summit was announced the department started to form a team of people to work towards the event. Quite early on it was identified that, given the time and the number of tasks involved, there would be a number of contracts which would not be able to go through a normal tender process. Essentially a schedule was developed of the required contracts and judgements were made about which contracts should be done through the various stages of the mandatory procurement guidelines—that is, the direct source, limited tender or through a full tender process. There was a full schedule developed of that that took place during those first few weeks of February, I understand.

Senator RONALDSON—When was the summit again?

Mr Mrdak—The summit held in Parliament House was on 19 and 20 April. But in the lead-up to that, as you are aware, there were a variety of other events such as the Jewish symposium, a series of community summits and a whole range of other activities which took place.

Senator RONALDSON—When were the first contracts or tenders relating to the 2020 Summit made public?

Mr Mrdak—I would have to check about the first listing onto the AusTender website. I will take that on notice.

Senator RONALDSON—This is listed as an output. I would have thought these were fairly simple questions, I have to say. Why is there not someone here from the department that can answer fairly simple questions in relation to tenders and other matters?

Mr Mrdak—Sorry: you are after the dates on which the tenders were listed to go out or the tenders were listed as—

Senator RONALDSON—No, when they were first made public. When the first contracts or tenders relating to the 2020 Summit made—

Mr Mrdak—The call for tenders?

Senator RONALDSON—Yes.

Mr Mrdak—I would have to take it on notice. I certainly have details of the tenders but I do not have that sort of detail with me, I am sorry. I will get it as quickly as I can.

Senator RONALDSON—Is there someone else from the department who would have the information?

Mr Mrdak—Not here this evening, I am sorry.

Senator RONALDSON—Minister, it is most unsatisfactory that we do not have appropriate departmental representation here tonight. We have the deputy secretary, who was

not even here when this was announced. I put it to you: there is only one reason why this would be done—that is, you were acutely aware of the fact there would be a large number of questions about this matter and you have deliberately ensured that there is minimal representation here from the department. The only person who is here from the department is a person who was not here when the summit was announced.

Mr Mrdak—To be fair, since my arrival in the department the summit has been my responsibility, so I take full responsibility for it.

Senator RONALDSON—As a good public servant, you would, Deputy Secretary. But the realities are that there should be departmental representatives here who can answer the most basic questions in relation to contracts and tenders. Unfortunately, the buck stops with the minister in relation to the departmental officers who are made available to this Senate committee. It is not as if there was no notice about the discussion of that.

Senator Faulkner—I think you would appreciate that there have been, as outlined in Mr Mrdak's opening statement, some quite considerable changes at the senior levels of the Department of the Prime Minister and Cabinet. They have been outlined to the committee. I am sure you are aware of them. I think this is the first occasion in some very extensive questioning where the fact that there has been that change of personnel has meant that some questions have not been able to be answered. But, certainly, we will do our very best to answer as many questions as we can this evening and, if it is not possible to answer certain questions, to take those on notice and provide you with answers as soon as possible. But I think you are aware of the changes—

Senator RONALDSON—I am.

Senator Faulkner—The other point—and I have listened carefully to what Mr Mrdak has said—is that the task force that was established in relation to the summit is no longer in existence. But we will make every endeavour to provide as much information as we can.

Senator RONALDSON—Thank you, Minister, for that. But I find it quite extraordinary that you and I have been sitting here since 9 o'clock yesterday morning—and correct me if I am wrong—and I do not remember an occasion when the deputy secretary was sitting at the table on his own without departmental officers being able to assist in relation to any questions that were asked by a huge number of colleagues over that period of time. This is the only occasion when there has not been an officer able to assist in the last 48 hours, and it just happens to be in relation to the most politically sensitive part of these outputs, in my view.

Senator Faulkner—If there are any other officials who can help you, of course I am happy for them to come to the table.

Senator RONALDSON—But they are not here. Where are they?

Mr Mrdak—What I can do is indicate each of those contracts I have outlined. Given the time constraints, the majority of them were direct sourced under section 8.6 of the procurement guidelines. If you would allow me, I will go against each of those contracts and just indicate which ones were direct source—and the majority of them were due to the time constraints—and which ones went to tender, and then I will make every effort to get you

tender dates. If I can work through those: the University of Melbourne Vice-Chancellor's office was a direct source contract, as was the project director—

Senator RONALDSON—Just explain the exact nature of 'direct source contract'.

Mr Mrdak—Under the procurement guidelines, section 8.6, from recollection, provides that, in circumstances where there are extreme time constraints which would not permit the going to tender, you can go to a direct source model, provided it is established that it represents value for money and meets the needs. This is provided for under the procurement guidelines. In these circumstances, the team who worked on the summit, given the tight time constraints for a number of contracts, believed that they were not in a position to do that, particularly for a lot of the work which needed to be done very early. As they progressed through things, they were able to go to tender for a number of contracts. I am happy to go through the ones that did go to the market as opposed to those that were direct source.

Senator RONALDSON—It will not surprise you, Deputy Secretary, that I am actually not as concerned about the ones that went out to tender as the ones that were direct source for reasons that will become immediately obvious to you. Have you got that list here?

Mr Mrdak—I am happy to go through the ones that were direct source.

Senator RONALDSON—Can I take you to the media contract for CMAX Communications. I think that is the company.

Mr Mrdak—There were a range of media contracts.

Senator RONALDSON—It was \$59,000-odd.

Mr Mrdak—The final amount paid was \$56,358.

Senator RONALDSON—When was the decision made for that to go via direct source?

Mr Mrdak—My advice is that decision was made on 29 February. The in-principle decision was reached then. The FMA regulation 9, which is the Financial Management Act regulation approval, was signed on 3 March.

Senator RONALDSON—Why would that have not gone out to contract?

Mr Mrdak—As you would be aware, the announcement of the stream co-chairs was made on 26 February, which obviously attracted a great deal of media interest. We do not in the department have a communications media capability, so the need was identified at that time in the lead-up to the announcement, which took place on the 26, that there was a need for media assistance for the department to manage that and also to provide media support for the community co-chairs, who were volunteering their time in each of the 10 stream areas, and for the Vice-Chancellor of Melbourne University. It was identified in that period around the announcement of the stream co-chairs that there was urgent need for some media assistance, which we were not able to provide.

Senator RONALDSON—Who suggested CMAX Communications?

Mr Mrdak—My understanding was that CMAX Communications was known to some people who were working on the summit, and checks were made. They are a company which was on the former government communications panel list, which the department had held.

Senator RONALDSON—Was anyone from the Prime Minister's office or his media staff involved in the suggestion of this particular organisation?

Mr Mrdak—The contracting and the selection was all done by the department.

Senator RONALDSON—I did not ask that question.

Mr Mrdak—Sorry; your question?

Senator RONALDSON—You know what the question was. The question was: were the PMO or media staff within the PMO involved in the recommendation of this organisation for consideration for this contract?

Mr Mrdak—My understanding is that the name of the company was raised in discussions that were taking place at that time between the Prime Minister's office and the department. Various options were being looked at as to who might be able to provide the sort of media services that were needed.

Senator RONALDSON—Was it brought to the department's attention that CMAX Communications was solely owned by the media advisor to the defence minister, Minister Fitzgibbon—that is, Mr Christian Taubenschlag?

Mr Mrdak—I am advised that the department was not aware of that at the time that the company was identified and spoken to. When the project proposal was received, it was from CMAX and was signed by the director of the company, Tara Taubenschlag.

Senator RONALDSON—Who happens to be the wife I think of Mr Taubenschlag. Is that right?

Mr Mrdak—That is my understanding from subsequent media reports. My advice is that the department was unaware. The CMAX proposal was submitted by Tara Taubenschlag. At that stage she was spoken to by the department under her maiden name, which is Tara Daley. We were unaware of any such relationship until such time as it was drawn to our attention in media reports two months later.

Senator RONALDSON—Was that through two articles in the *Age* by Jewel Topsfield, one on 25 April and one on 26 April? Is that when you became aware of it?

Mr Mrdak—That is when I first became aware there was an issue in relation to—

Senator RONALDSON—So the PMO, who had actually suggested that CMAX Communications be one of those companies considered, had not contacted you between that initial contact and 26 April?

Mr Mrdak—The media article which appeared in the *Age* was the first time that I, or any of my senior officers, became aware of that issue. My understanding from speaking to staff is that Mrs Taubenschlag did indicate after the engagement that her husband worked in Parliament House, but we were not aware at that stage that there was any relationship other than her being the director of CMAX.

Senator RONALDSON—Had you known that, I presume there would have been other actions taken. There must be situations like this that arise and there must be some reference point for those sorts of discussions about the appropriateness or otherwise. Who would normally deal with those?

Mr Mrdak—Senior officers of the department would deal with any of these issues in accordance with our procurement. As I said, when CMAX was identified, there was a check done of the former government's communications panel. They were on that panel and they had undertaken a range of work—

Senator RONALDSON—I am not suggesting there is any issue lying with the department. I am saying that, had this very, very close relationship with a senior member of the executive of this government been brought to your attention—given that this communications company had been referred by the government to you—I presume some reference would have been made to senior officers so they could form a view on the appropriateness or otherwise of this contract.

Mr Mrdak—As I said, I am not aware of what understanding of the relationship there was among the various parties who first discussed this company.

Senator RONALDSON—I assume this committee can assume that, if you became aware of this prior to contracts being let, surely appropriate governance would mean that this would be referred elsewhere for consideration.

Mr Mrdak—It would very much depend on the circumstances involved and the nature of the issues involved. I could not be definitive on how it would be handled. It is something that, in my experience, we should have been aware of. But, as to whether that would have changed the approach, I cannot be as clear on that. As I said, the staff involved placed a very heavy reliance on checking the panel arrangements and were comfortable from seeing the work of the company and the range of contracts they had held. The fact that they were on that previous panel and their submission of the portfolio of work that they had done gave reassurance that the company could deliver what was needed.

Senator RONALDSON—So you should have been aware of it—you said that—so that you could then make the sort of decision that I am asking about, as to whether it should be referred off to senior officers for consideration. Isn't that right?

Mr Mrdak—In hindsight, knowing what became clear from the articles that appeared in the media—certainly we would have done a more detailed examination had we been aware of that. But that was not done, as I said, because of the circumstances at the time and the reassurance my officers gained from looking at the previous panel that had been in place.

Senator RONALDSON—Who in the PMO was responsible for the suggestion of the name of CMAX Communications to you, do you know?

Mr Mrdak—I am not clear on that.

Senator RONALDSON—Would you take it notice?

Mr Mrdak—I am happy to take that on notice. I think it arose through a series of discussions that were taking place at that time about the urgency of getting some support in the department for media management.

Senator RONALDSON—Minister, do you know who it was in the PMO that made the suggestion of CMAX Communications?

Senator Faulkner—The question has been taken on notice and we will endeavour to provide an answer for you.

Senator RONALDSON—Minister, what is your view on this?

Senator Faulkner—My view on this is that I became aware of this issue in detail when I received a briefing from the Department of the Prime Minister and Cabinet on elements relating to the 2020 Summit. I can also say to you that I had, prior to that—

Senator RONALDSON—What date was that?

Senator Faulkner—For this Senate estimates round; it was just on Wednesday of last week.

Senator RONALDSON—What—the first you knew of this—

Senator Faulkner—No, I was just going to say: I became aware of more of the detail of this matter when I had received a briefing. I certainly had seen media references, I think in the Senate clips, to the issue, which probably all senators would have seen. I think there was not a very detailed brief but a question time brief on this issue. I think it had been prepared by the Department of the Prime Minister and Cabinet as well. But, certainly, I was aware of the media reports when they were originally in the newspaper.

Senator RONALDSON—Was this matter brought to your attention prior to the Topsfield and Davidson articles on 25 and 26 April?

Senator Faulkner—Certainly not. That is when I first became aware of the issue. To be clear: if they are the Melbourne *Age* articles—I think the issue was in the Melbourne *Age* newspaper—

Senator RONALDSON—It was.

Senator Faulkner—Yes, that is when I became aware. I believe they were in one of the political clip services and I read them then.

Senator RONALDSON—Minister, can you believe that the behaviour of the Prime Minister's office in relation to this matter was appropriate?

Senator Faulkner—Well—

Senator RONALDSON—That is probably an unreasonable question. Do you believe that the actions of the Prime Minister's office in suggesting the name of a company that they clearly must have known was associated with a senior adviser to a senior cabinet minister—is it appropriate for the Prime Minister's office to refer that name to the department for consideration for a substantial contract without advising the department of the relationship or the potential for conflict of interest?

Senator Faulkner—I do not believe that the view that you express in your question, that the PMO suggested this, is right. It is an easy thing to say, but I certainly have no evidence that that is the case and I have not heard any evidence that that is the case tonight.

Senator RONALDSON—Except 10 minutes ago.

Senator Faulkner—No—

Mr Mrdak—I think what I was suggesting was that the name was raised in discussions. I do not think I suggested the name was suggested in that sense you make out. It was a name that was put forward as part of discussions—

Senator RONALDSON—Put forward for the contract.

Mr Mrdak—Put forward for consideration by the department.

Senator RONALDSON—Come on.

Mr Mrdak—I think it was raised in discussion. Having spoken to the senior officers involved, it was described to me that it was amongst a whole range of names that were being discussed. The name of Ms Daley, as she then was, was raised—

Senator RONALDSON—It is outrageous.

Mr Mrdak—and the department then undertook to do checks and look at that name.

Senator RONALDSON—Minister, you have spent a lot of time around this table and on this side—

Senator Faulkner—I have, Senator.

Senator RONALDSON—and you know as well as I do that this arrangement stinks to high heaven. It is an utter disgrace that the Prime Minister's office has gone to the department with the name of a company owned by a senior advisor to a senior cabinet minister without telling the department and completely compromising the department in relation to this matter by not advising them of this conflict of interest. I cannot believe that you are seriously going to sit here today and condone such behaviour because, quite frankly, if you do so it is your bona fides that then come into question. Can I say to you that I have never had any reason to question your bona fides since I have been here or in this job as a shadow minister. If you defend this, Minister, quite frankly, it is then a reflection on your own bona fides. I think that would be a most unfortunate outcome of some utterly disgraceful behaviour by the Prime Minister's office.

Senator Faulkner—First of all, if I can have a small opportunity to address the issues that you have raised. I outlined in answer to your earlier question that this particular matter first came to my attention in a number of—

Senator RONALDSON—I accept that.

Senator Faulkner—Please.

Senator RONALDSON—I am not questioning that. Let's cut to the chase.

Senator Faulkner—I appreciate that. I think it might be useful if you let me continue because you have suggested, amongst a range of things, that the Prime Minister's office has acted improperly or somebody has acted—

Senator RONALDSON—Totally improperly. If I only said improperly, I apologise. I meant to be stronger than that.

Senator Faulkner—You have suggested that. You have also suggested that there is some impropriety with the awarding of this contract and you have suggested now that I might have acted improperly. I am now going to outline—

Senator RONALDSON—That is a complete and utter misrepresentation. I made my view very clear and I think my colleagues sitting around the table will confirm that. At no stage did I make any reflection on you at all, and I object to the inference. I have said that I accept that you did not know about this and were not involved. Please do not do that.

Senator Faulkner—I have tried to indicate to you that I did have knowledge and that is why, if you just let me perhaps respond to you and speak for a moment, I might be able to outline—

Senator RONALDSON—Okay.

Senator Faulkner—I would really appreciate that opportunity.

Senator RONALDSON—Under that scenario, where I have not made any personal representations against you. Get on with it.

Senator Faulkner—You have canvassed your views and what my approach might be. But let me outline for the benefit of the committee what my views are. I think it might be helpful if you heard them, and I think the timing is of some importance here. Firstly, I have indicated to you, and I will repeat it, that I am aware of the press articles that you have referred to that were published in the newspaper. Secondly, I have indicated to you that, at some stage—I think after those press articles—a question time brief or possible parliamentary question brief was provided which I certainly read. In the context of that, it did not raise any issues that I believed I ought to be particularly involved in.

I then, Senator, have indicated to you very frankly that I had a question time briefing on Wednesday of last week. I can say to you as a result of that question time briefing, having heard the department outline the circumstances which you have heard tonight at this estimates committee in relation to this matter, what I did after that briefing, in the interests of full transparency, again, was to contact my colleague the Minister for Defence. I indicated to my colleague the Minister for Defence that I had received an estimates briefing when this issue was raised. I indicated, because the issue had been raised in an estimates briefing, that I thought it was appropriate so there could be no question about the actions of the member of staff that you have referred to. I suggested to my colleague Mr Fitzgibbon that he refer the issue of Mr Taubenschlag's association with this particular company, CMAX Communications, to the government staffing committee so that could be examined so the committee could speak directly to Mr Taubenschlag about his relationship with the company, whatever it might have been—because I saw the media stories in relation to the company—and his knowledge of the 2020 Summit.

I happen to believe that is an appropriate course of action in these circumstances—more than appropriate; I think it is an indication that I take the view that action should not only be done but should be seen to be done on these issues. I think most people would accept that what I have outlined to the committee in these circumstances is an example of a minister or ministers taking these issues seriously—very seriously—in the circumstances. I thought it might be useful for you to allow me to outline that process in its entirety to the committee so, as you make your judgement, Senator, you are in full possession of the facts.

Senator FIFIELD—When there is the ministerial staff code of conduct—

Senator Faulkner—Just so you are aware, Senator, I received that briefing from Mr Mrdak and others on Wednesday. I contacted my colleague Mr Fitzgibbon. I believe that Mr Fitzgibbon made that referral on the Thursday. I want to indicate and to be very clear that there is no suggestion here that there is necessarily any wrongdoing at all.

Senator RONALDSON—Oh, come on, Minister! Come on!

Senator Faulkner—Senator, it is proper that in this case Mr Taubenschlag's association or relationship with the company and this contract be examined. That is a process that I have suggested to Mr Fitzgibbon that he has agreed with. I think that is proper and I would be disappointed if you did not agree with me.

Senator RONALDSON—I am hardly likely to disagree with you taking some action in relation to this outrage—yes, you are absolutely right about that. What concerns me is that someone thought they could get away with probably one of the most blatant 'jobs for the boys' contracts that I have ever seen in political life.

Senator Faulkner—Well, Senator—

Senator RONALDSON—I am asking the question. What I am putting to the minister is that the realities are that this would not have come to your attention or to anyone else's attention unless Jewel Topsfield from the *Age* had actually done some homework in relation to the matter. That is the only reason.

Senator Faulkner—The detail of it came to my attention, I have indicated to you—

Senator RONALDSON—After this.

Senator Faulkner—It certainly was flagged in newspapers stories, but I became—

Senator RONALDSON—Flagged?

Senator Faulkner—I became apprised of the detail that you are now aware of when I received a briefing in terms of the estimates for this committee for the Department of the Prime Minister and Cabinet last Wednesday. It has come to my attention. When it did, I acted in the way I have outlined to you which I happen to think is appropriate. You may consider that it is not an appropriate—

Senator RONALDSON—When did you seek the brief?

Senator Faulkner—It is not a question of when I sought it. It is a standard briefing that is provided to ministers prior to the estimates. It would have been organised in the days before it occurred.

Senator RONALDSON—When did you receive it?

Senator Faulkner—It was a standard briefing.

Senator RONALDSON—I am asking, when did you receive it? You have already told me it was a standard brief three times. When did receive it?

Senator Faulkner—I am sorry: I thought you said when did I seek it? I have said on a number of occasions it was on Wednesday of last week. I apologise: I did actually say that two or three times to the committee. I received it on Wednesday evening of last week, as I indicated before. Senator, at approximately 5.30 pm.

Senator FORSHAW—On a point of order, Chair. Senator Ronaldson was given the answer. He was told at least three or four times. I think we need to be very clear—

Senator Faulkner—I think we need to be very clear—

Senator FORSHAW—that it was last Wednesday.

Senator Faulkner—I would make the point to the committee and to Senator Ronaldson directly that the procurement in relation to this was a matter handled by the Department of the Prime Minister and Cabinet.

Senator RONALDSON—Exactly. It was handled by the Prime Minister and the cabinet on the basis of the information that was provided to them. Had the Prime Minister and the cabinet, as has already been alluded to by the deputy secretary, been made aware of the fact that this was a company owned by a senior adviser to a senior cabinet minister and was tendering for this contract work then the matter would have been handled differently. At the very minimum, it would have been referred off for consideration by someone else.

Senator FIERRAVANTI-WELLS—Mr Mrdak, you said earlier that you have spent \$12,000 in legal fees, I assume, for contracting. What sort of scrutiny was given to this contract—I assume there was a contract? Did you look into who the directors and who the shareholders were of this company? I would have thought some sort of probity would have been required.

Mr Mrdak—There was a process. Once a name among some others was identified—I have been advised there was a series of people who were being looked at at that stage. Ms Taubenschlag was interviewed on 29 February and she presented a portfolio of work. The principal check was because of the—

Senator RONALDSON—I am sorry to interrupt. Did she advise you at that stage who her husband was?

Mr Mrdak—My advice is that that was not advised.

Senator JOHNSTON—Did she use the surname ‘Taubenschlag’?

Mr Mrdak—Taubenschlag was the name that was provided in the project proposal that day, yes. The name that was identified—

Senator FIERRAVANTI-WELLS—It is hardly a Smith or Jones.

Mr Mrdak—I am advised that the name that was identified in the discussions that took place was her maiden name—

Senator FIERRAVANTI-WELLS—Interesting.

Mr Mrdak—The circumstances were when the discussion was happening that this person was named along with others. My advice is there were a number of other people who had been approached and looked at at that stage, none of whom were available. A meeting was held with Ms Taubenschlag on 29—

Senator Faulkner—Please let Mr Mrdak finish—

Senator JOHNSTON—We will come back to that point about the discussion using her maiden name; let us flag that.

Senator Faulkner—By all means, but please let Mr Mrdak finish here.

Mr Mrdak—On 29 February a portfolio was presented. The check that was done was against the procurement panel, which had previously been in place under the Government Communications Unit. CMAX Communications was on that panel of providers to the former Government Communications Unit. That panel and the preselection process that was undertaken for firms to be on that panel was relied upon as the probity check for entering into this direct source arrangement.

The staff involved and the advice that went to senior officers of the department—once they had looked at the work, interviewed the person and then done the probity check against the former panel—was the basis upon which that advice was provided. The decision was taken by the assistant secretary, who was responsible for task force matters at that stage, and advice provided to the then deputy secretary to enter into a contract with that firm.

Senator JOHNSTON—What information was disclosed by the panel?

Mr Mrdak—I am not familiar with that. I would have to go back and check on it.

Senator JOHNSTON—It just says CMAX Communications Pty Ltd.

Mr Mrdak—Details of the company would be provided. I do not have those details.

Senator JOHNSTON—And previous contracts conducted by that company on behalf of the government?

Mr Mrdak—It certainly would provide details and I understand there was a check done of the AusTender site to ascertain what contracts they had had with other government departments, and that was done.

Senator JOHNSTON—That did not disclose the fact that the principal shareholder, director or officer of that company, was in fact the defence minister's press secretary?

Mr Mrdak—That was not identified by my officers at the time that they did the probity checks.

Senator JOHNSTON—That is a problem, Mr Mrdak, is it not?

Mr Mrdak—They looked at the company. In hindsight, I do not think that it had occurred to people that there may have been an issue such as a relationship with a member of staff—

Senator JOHNSTON—There is an issue here, isn't there?

Mr Mrdak—As I have indicated, had that been known to the department then we may have taken a different course of action. But having said that—

Senator JOHNSTON—Why? Tell us why you may have taken different action.

Mr Mrdak—We are all aware of the potential sensitivities in hindsight.

Senator JOHNSTON—What are the potential sensitivities, for the benefit of the minister.

Mr Mrdak—I think the minister is—

Senator JOHNSTON—You tell us what you think the potential sensitivities are please, Mr Mrdak.

Senator Faulkner—I do not think there is a need necessarily to inform me, Senator. I think I am well aware of them.

Mr Mrdak—I think the minister has answered that. I do not think I can add anything further than what the minister—

Senator JOHNSTON—I am interested to hear what the department's deputy secretary thinks the potential problems are with this.

Mr Mrdak—The department's focus was to engage quality media support, and that was done at the time. That is where the department's focus was.

Senator JOHNSTON—But you have said that there are issues with this contract and that things would have been done differently. I want to know why things would have been done differently.

Mr Mrdak—Certainly. I think, as the minister has identified, there are issues in relation to ministerial staff who may have an interest in a company that has been engaged for contracts with government agencies.

Senator JOHNSTON—Particularly contracts that do not go out to tender.

Mr Mrdak—In this case the decision to undertake a direct procurement was done on the urgency of the situation and also relied upon the former panel arrangement.

Senator JOHNSTON—So we would have done this in a totally different way had we had our time over.

Mr Mrdak—I think the decision to go to direct source at the time was the right one, given the urgent media management requirements of the time. This was a time of high work for the department's officers.

Senator FIFIELD—It is all about media management, isn't it, all of the time.

Mr Mrdak—There was a great deal of support. That was the time of the announcement of the co-chairs. There were a large number of media inquiries coming in. The department does not have a communications capacity to handle that and provide support to the community co-chairs in particular, who were receiving a large number of media inquiries.

Senator JOHNSTON—We would have done this differently was the question.

Mr Mrdak—I think the decision to go to direct source, from my analysis of the files, was a correct decision, given the circumstances my officers were dealing with.

Senator JOHNSTON—To give the contract to a company, an officer of which was the defence ministers press secretary?

Mr Mrdak—Had we, in hindsight, had the knowledge, we would have undertaken further checks and made decisions. But I cannot say that we would have made a different decision about this company. But we certainly would have, because of the capability—

Senator RONALDSON—But you can say that you might have.

Senator JOHNSTON—Tell me about the representation that the department received from within the office of Prime Minister and cabinet, using the description of the potential contractor. That name was what?

Mr Mrdak—My understanding from talking to the project director was that the name was discussed in a meeting. The way it has been described to me, I would not put it as a representation by the Prime Minister's office. Names were being discussed. The name that was being discussed was a Tara Daley, who was known to the people in that conversation. I do not think I can put it any stronger than that. It was a name that was discussed as someone who may have the skills and may be available to undertake this role. The department then went away and made contact and did their probity checks.

Senator FIERRAVANTI-WELLS—Can I ask about another interesting point? Who was the contract actually with?

Mr Mrdak—The contract is with CMAX Communications.

Senator FIERRAVANTI-WELLS—And that contract was entered into on what date?

Mr Mrdak—The FMA reg 9 approval was signed by the deputy secretary of the department on 3 March. The contract was executed on 6 March.

Senator FIERRAVANTI-WELLS—Okay. So you have a contract on 3 March, executed on 6—

Mr Mrdak—We have an approval to enter into a contract by the deputy secretary of the department.

Senator FIERRAVANTI-WELLS—When was the contract signed?

Mr Mrdak—The contract was signed on 6 March.

Senator FIERRAVANTI-WELLS—Okay, the contract was signed on 6 March with a company called CMAX Communications. Have CMAX Communications been paid?

Mr Mrdak—Yes, they have.

Senator FIERRAVANTI-WELLS—When did that payment occur?

Mr Mrdak—There have been two payments. The invoices were sent in on 8 April and 24 April. I will check the dates of actual payment.

Senator FIERRAVANTI-WELLS—So on 8 April you made one of the payments. Roughly how much were they?

Mr Mrdak—The first invoice was for \$35,100.40 and the second invoice on 24 April was for \$21,257.74.

Senator FIERRAVANTI-WELLS—All right. What I find really interesting is that if you do an ASIC search you would see that this company, CMAX Communications Pty Ltd, changed its name to Maximum Communications Pty Ltd on—wait for it—22 April 2008. On 24 April you paid CMAX Communications which, on the ASIC record I have in front of me, is no longer CMAX Communications; it has another name. There is a real issue here. First of all, do you know about it?

Mr Mrdak—I was not aware of the issue of the change that you have outlined, Senator. I am happy to look at that.

Senator FIERRAVANTI-WELLS—I think you should look at it because you have obviously paid a considerable amount of money to a company that entered into a contract

with you in one name and then got payment when it has changed its name to another company.

Senator ALLISON—What were they supposed to do?

Senator FIERRAVANTI-WELLS—Senator Allison, don't interrupt.

Senator ALLISON—I am just trying to help the minister actually.

Mr Mrdak—I will look at that. Obviously we would need to understand, if that has occurred, the basis on which the contract was transferred to the new entity and what rights and obligations were transferred as part of any change. I am happy to take that on notice and I will look at that issue.

Senator FIERRAVANTI-WELLS—While you are at it, have a look at the payments. I suspect that you will find that the initial contract was with Ms Daley and then obviously the name changed. The other thing that is also interesting is that this company has strike-off action in progress. It is obviously in the process of being struck off.

Senator WATSON—Why?

Senator FIERRAVANTI-WELLS—I am not sure why the company is being struck off, but that is another interesting twist to this saga. You have a company that you have paid \$60,000, a company that is run by the wife of a senior advisor in government and a company that, interestingly enough, changed its name during the process. Funny about that. One would almost think, 'Hello, they have worked out there is going to be a problem.' Now it has changed its name. I would suggest that there is something really, really smelly about this, minister. Do you have anything to say about it?

Senator Faulkner—Yes, I do have something to say. I indicated to you that—and let me be very clear on this—having received a briefing from the Department of the Prime Minister and Cabinet prior to these estimates hearings on Wednesday of last week, and given that some of the issues raised in the briefing are some of the matters that have been canvassed at this hearing and given that the media advisor concerned is employed by one of my colleagues, I took the view in these circumstances that it would be appropriate for me to contact that minister, which I did immediately. I indicated to him that I thought a certain course of action should occur. I have outlined that course of action to the committee. I can say to you that in the interests of good process and transparency, my colleague the Minister for Defence, Mr Fitzgibbon, agreed to do that on my recommendation and agreed without hesitation.

Let me indicate, just so you are clear, Senator, what that course of action was. I suggested to Mr Fitzgibbon, and he agreed, that, in relation to his media adviser, Mr Taubenschlag, and his relationship with the company—and you have dealt with certain issues, just a moment ago, in relation to that company; you perhaps know more about the company than I know—and also in relationship to the 2020 contract, that matter be examined as soon as possible by the government staffing committee. So that is the course of action I took. In the circumstances, I think that was appropriate, as far as I am personally concerned. When these issues come to my attention—I am pleased, Senator Watson, that you acknowledge that that—

Senator WATSON—The criticism is not to you.

Senator Faulkner—Sorry?

Senator WATSON—The criticism is not to you.

Senator Faulkner—But I am not treating this as a matter of criticism; I am treating it as a matter of appropriate process in these circumstances. Of course I would prefer not to have been apprised of some of those issues in the briefing from the department. But, having been apprised, I acted in the way I have outlined. You might make the point that this is *ex post facto* and, in a sense, that is true. But I think it was an absolutely proper way to deal with that issue in those circumstances. I came to that conclusion immediately. I walked out of the briefing with the department and acted in the way I have outlined to you. It may leave me subject to criticism internally, within government, or externally. But, at the end of the day, I think I do have certain responsibilities. I think we, as a government, do have certain examples to set, and I believe I have at least engaged in best endeavours to conduct those responsibilities properly. That is all I can say to the committee. I may be subject to criticism here or, as I say, inside or outside of government; I do not know. But I thought about these issues. I acted promptly. I think I acted appropriately in the circumstances, and I have placed those circumstances before the committee.

Senator FIERRAVANTI-WELLS—Can I just take your conduct out of this. I am interested to know whether the briefing that you received last week contained a history of this company.

Senator Faulkner—We do not generally go into issues in briefings in estimates committees. I will be frank with you, Senator. On some of the issues on which senators around this table have asked questions of myself and Mr Mrdak, I have also perhaps asked similar questions myself—perhaps not on all the issues necessarily that have arisen tonight. Again, I have been very frank with you, Senator. You have raised issues about the status of this company that I certainly know nothing about, but it leaves me even more assured that the way the government is dealing with this is right, in the circumstances.

Senator FIERRAVANTI-WELLS—My criticism here is of the process. If your procedures do not allow for basic checks like this, there really is a lesson to be learnt here. That is really where I am coming from. The fact that you have a company that goes through these iterations during a process in what is a very high-profile situation, and no basic check—not even of the name and the current status of this company—

Senator Faulkner—Let me respond to that.

Senator FIERRAVANTI-WELLS—Part of this process is the *bona fides* of the person who you are dealing with, and, to that point, I accept that not all of it is from your perspective. But, still, this is—

Senator Faulkner—I hear what you say and what other senators have said, including both your colleagues Senator Ronaldson and Senator Johnston, about concerns with processes here. Of course I would have preferred that this had not occurred in this way. Mr Mrdak has been frank with the committee and indicated his similar views. But I want to say to you, Senator, that I am sure you can be absolutely confident that we will learn from this experience. I do not want to put words in Mr Mrdak's mouth—he can speak, and I would invite him to speak, for himself on this—but I can assure you that obviously we will learn from the mistakes made here so that we do not see any repetition of those process weaknesses

you have identified. I would invite Mr Mrdak, if he cares to make a comment to do so, to the committee. The committee might benefit from that in response to your question.

Senator RONALDSON—Thank you very much. This is not an issue of process, and I am sure that you are doing a marvellous job on behalf of the government to spin it as such. This is not a process-driven issue. This was a deliberate attempt from someone within the Prime Minister's office—

Senator Faulkner—I do not accept that.

Senator RONALDSON—Let me finish. It was a deliberate attempt from within the Prime Minister's office to get a mate a job—a job worth \$57,000 to \$58,000. There was a deliberate cover-up until this matter was raised via the *Age*. I will put it to you again: this is not a process issue at all. This is someone within the Prime Minister's office who recommended that consideration be given to someone who was closely associated with a company owned and operated by a senior adviser to a senior cabinet minister. It does not matter what spin you put on this and it does not matter what you say about process; nothing can cover up what has come out of the Prime Minister's office, which is a blatant attempt to ensure that a mate profited at the expense of the taxpayer. It does not matter how you spin it; that is the bottom line with this issue.

Senator Faulkner—Let me respond, if I can. I have also invited Mr Mrdak to respond, and I would appreciate it if he wished to take that opportunity. What I have said to you tonight, Senator, does not involve political spin at all. I do not believe that what you have said is right. I do accept and I do believe that there are process weaknesses here. I do believe that we need to learn from them. I do not accept for a moment the ill motivation that you reflect on people in relation to this issue. But I do believe it is appropriate, and I think the government would be remiss if it did not accept that. We need to learn from this experience and ensure it never happens again. We need to sort these issues through. That is my view. I believe it is a very fair reflection of the situation. The committee needs to take account of what occurred within the department as well in relation to these matters. But, yes, it is true: mistakes were made. Processes could have been considerably better. They will be in the future. If Mr Mrdak wishes to make a comment, I invite him to do so as I did before. It is a matter for him if he wishes to.

Mr Mrdak—Thank you, Minister. I would very much agree in the sense that the department in our processes, amongst a range of names that were being discussed at the time in interviewing this person and this company, did not do the full due diligence that should have been done in relation to the company. We relied very heavily on a panel, a pre-existing panel, which clearly we should have done and, in hindsight, should have done and in the future will do to do a better check.

Senator RONALDSON—Deputy Secretary, can I interrupt. You do not have to wear this on behalf of the Prime Minister's office and the person who made this decision. You do not have to do what you are now doing because, quite frankly, they do not deserve your having to start running this line. They are not deserving of your support.

Mr Mrdak—I would not wear it, if it was not an issue—

Senator Faulkner—Let me assure you that, at the end of the day, everything that happens within government is worn by governments; it is not worn by departments. I am the person at

this committee who, on behalf of the government, accepts responsibility—I have and I do. I have also tried to put in place a process to start to sort this issue out. I do not accept for one minute that governments and ministers do not accept responsibility. Of course, at the end of the day, the committee knows that the buck stops with me on this and I know that.

Senator RONALDSON—It stops with the Prime Minister.

Senator Faulkner—It is also fair to say that, if there are weaknesses within agencies' processes—which often are identified at committees like this, and every single senator around this table has seen this on many occasions—it is proper that they are identified and it is proper that agencies also address them.

Senator FIERRAVANTI-WELLS—The problem with what you are saying is that there is a clear question of bona fides here. It is very clear, when combined with what Senator Ronaldson has said about the approach from the Prime Minister's office, that this company knew full well what they were doing. This is a company that on 24 April lodged a notification for resolution to change its name and then, barely two weeks later, applied for voluntary deregistration of this company. There is now strike-off action—

Senator Faulkner—Senator, let us deal with facts, not assertions.

Senator FORSHAW—It sounds like the Queensland National Party to me!

Senator FIERRAVANTI-WELLS—It lends credence to the lack of bona fides on the part of this company and the process. It lends weight to the argument that Senator Ronaldson has put up that, as soon as they had worked out what had happened, they decided to shut up shop and that was the end of it. We will see another company arising.

Senator JOHNSTON—Minister, can I ask you a question, please?

Senator Faulkner—Yes, of course you can.

Senator JOHNSTON—What do you propose to do about the person who is within the defence minister's office now? I ask you that question because, very clearly, two people knew of the impropriety of this contract. You have a person in the defence minister's office who—and I should not need to elaborate upon this—has been the officer of a company that obtained a government contract whilst he was an employee of a cabinet minister. Do I need to say more? What do you propose to do about him?

Senator Faulkner—Senator, I think even you, if you were being fair, would have to acknowledge that I have outlined what I believe should happen and what I have ensured will happen in relation to this. I do not immediately jump to conclusions. It is easy to say at a committee like this or in parliament that there has been impropriety. I do not jump to any such conclusion at all. But I say this to you, Senator, and I say it to you very seriously: I want to absolutely assure myself that there has not been any impropriety. I do not jump to the conclusion that you and your colleagues do. I have certainly done my best in the circumstances—and you understand how the MOPS Act and the like work—to set in place a process that means that, as you asked me directly and personally, I can satisfy myself on those critical issues.

Senator JOHNSTON—Are you entirely satisfied that you are not conflicted on this issue?

Senator Faulkner—I am satisfied that I am not conflicted on this issue. I do not know why—

Senator JOHNSTON—What do you propose to do with respect to the person in the defence minister's office?

Senator Faulkner—I have outlined to the committee on a number of occasions what I have proposed, which the defence minister agreed with and agreed with immediately when I made that suggestion to him. I can outline it again if you wish, Senator.

Senator JOHNSTON—Please.

Senator Faulkner—Okay. I have indicated that, after the briefing I received which raised issues of sufficient concern to me in relation to Mr Taubenschlag's relationship to the company that was awarded this contract, and any concerns that Mr Taubenschlag may have had in relation to the awarding of that contract, I thought it was proper to contact Mr Taubenschlag's employer. He is employed under the MOP(S) Act, as you appreciate. I did this. I suggested a process to his employer, who is the Minister for Defence, Mr Fitzgibbon. I have outlined that process to you. I can do it again, if you wish. Mr Fitzgibbon agreed, and that process is in train.

Senator JOHNSTON—So we can question you in your defence department hat next Wednesday?

Senator Faulkner—If you are asking whether I will be at the table at the defence estimates next Wednesday, I will be there.

Senator JOHNSTON—Good.

Senator Faulkner—That is, of course, as you appreciate, unless some terrible accident befalls me in the meantime.

CHAIR—Before we go any further, considering we are rapidly approaching the time for a break, I would appreciate some indication, particularly for the Office of the Privacy Commissioner, as to how much longer we are going to continue on. When we come back from the break, would we be able to have the Office of the Privacy Commissioner?

Senator Faulkner—Can I ask this question respectfully to the committee: is the Privacy Commissioner required?

Senator RONALDSON—It is good to keep the commissioner here at the mark. I know it is getting late, but let's wing it a bit.

CHAIR—What I am asking for is whether we could have the Privacy Commissioner—

Senator Faulkner—It is all right, but you appreciate the Privacy Commissioner is based in Sydney.

CHAIR—They have already had to change their arrangements.

Senator RONALDSON—They are not going to get out tonight, are they?

CHAIR—That is right. I was just wondering if I could have the indulgence of the committee to have them first up after the break.

Senator FIFIELD—What time are we scheduled to break?

CHAIR—At 9.15, and we will be back at 9.30.

Senator FORSHAW—Could I suggest that we meet informally as soon as we adjourn and work out just who we are able to cover off tonight?

Senator RONALDSON—Sure. I think that is a good idea.

Senator FORSHAW—Because there are people sitting here who may not be required this evening.

Senator ALLISON—When will we get back to the summit?

CHAIR—After the Privacy Commissioner, we will then go back.

Senator RONALDSON—I do not think we will.

CHAIR—We will adjourn now and have a private meeting. We will resume at 9.30.

Proceedings suspended from 9.12 pm to 9.33 pm

Office of the Privacy Commissioner

CHAIR—Welcome along this evening. I want to say formally that we appreciate your patience and the fact that you had to rearrange your schedule. This should be fairly brief, but we do appreciate your tolerance today. I want that put on record.

Senator MASON—Ms Curtis, are you aware of media reports dating back to the middle of March this year relating to the Australian Sports Anti-Doping Authority providing Medicare with a list of athletes' names and asking Medicare to search through its files in order to find drug cheats?

Ms K Curtis—Yes, I am aware of those media reports.

Senator MASON—When did you become aware of this activity by ASADA? Was it at the time of the media reports or beforehand?

Ms K Curtis—At the time of the media reports, yes.

Senator MASON—The middle of March. Have you been approached by ASADA or Medicare subsequent to that?

Ms K Curtis—Yes, on 14 March we made inquiries of ASADA and Medicare—

Senator MASON—That was after you read about it in the paper?

Ms K Curtis—after we saw it in the paper. Under our act, we have the power to do an own motion investigation. Essentially, we make inquiries. Things either come to our attention in the media or somebody else makes an inquiry of a hotline, so we exercise our own-motion investigation powers under those circumstances. We usually make a preliminary phone call, and we did with ASADA and Medicare. On 17 March we opened an own motion investigation into it.

Senator MASON—What was that expression?

Ms K Curtis—An 'own motion investigation'.

Senator MASON—Which means what, Ms Curtis?

Ms K Curtis—I do not actually have a formal complaint from an individual, so I cannot rely on someone else telling me the facts and making a complaint under the provisions of our act, so I can make an own motion investigation. And that is what we did.

Senator MASON—Of your own volition, in effect?

Ms K Curtis—Exactly.

Senator MASON—Have you completed that report?

Ms K Curtis—No, we have not completed that report. In the usual process, we wrote to both ASADA and Medicare, making what we call a preliminary inquiry of them, and, as a result of some information they provided back to us, we have then asked them further questions to be answered. We have not received all those responses to date.

Senator MASON—So the investigation is ongoing?

Ms K Curtis—Yes, the investigation is ongoing.

Senator MASON—Are your preliminary inquiries published anywhere, or is that simply internal?

Ms K Curtis—No, our usual process for handling a complaint or an own motion investigation is that we do it in accordance with the principles of natural justice, and we do those things in private.

Senator MASON—How long do you think you will take before that inquiry is finished?

Ms K Curtis—Once we have received the information back from both bodies, we will be able to make an assessment of where we go from there.

Senator MASON—What sorts of sanctions are you able to take on agencies?

Ms K Curtis—Own motion investigations are different to the powers relating to complaints. With own motion investigations, we essentially really would only have a 'name and shame' sanction. Also, we would ask parties, whether they were government agencies or departments or whether they were private sector organisations, to reconsider their processes and to change their systems and implement new practices and procedures. But, in terms of formal sanctions, there is no formal sanction that I can impose.

Senator MASON—When you say there were no complaints by any individuals, would any particular individual have known that their privacy may have been breached?

Ms K Curtis—Once it was in the media, perhaps it may have come to the attention of some individuals.

Senator MASON—But would a particular individual necessarily have known that their privacy may have been breached? A group of individuals may—that is, the athletes—but would any particular individual?

Ms K Curtis—I cannot really comment about—

Senator MASON—You are not certain?

Ms K Curtis—what an individual would know or not know about whether they were possibly in a list of people that ASADA had provided to Medicare.

Senator MASON—So you could not be certain that any particular person would know that their privacy had been breached?

Ms K Curtis—Not at this stage, no.

Senator MASON—When agencies seek to data match from different Commonwealth databases, there is a law and protocols that look at that situation, that accrue to that situation. What are they? What is the law?

Ms K Curtis—Essentially, there are two guidelines. One set of guidelines is mandatory and one set of guidelines is voluntary. The first set, which is mandatory, is those that relate to a data-matching act, which covers the way the tax office, Centrelink and the Department of Veterans' Affairs match information using the tax file number. There are also voluntary guidelines that have been issued by a previous Privacy Commissioner in 1998 that cover the way other agencies data match, including the way, say, ATO would also data match when they do not use the tax file number.

Senator MASON—For example, ASADA and Medicare?

Ms K Curtis—Exactly.

Senator MASON—So there are protocols—

Ms K Curtis—Yes.

Senator MASON—that should have been followed?

Ms K Curtis—They are voluntary guidelines, though. Yes, that is correct.

Senator MASON—Generally, do agencies that are engaging or seek to engage in data matching of Commonwealth databases seek your advice? Should they seek your advice?

Ms K Curtis—The guidelines suggest that agencies should provide their protocol on the data matching to our office, and we report that in our annual report every year. They are also available on our website.

Senator MASON—Do agencies generally do that?

Ms K Curtis—To the best of my knowledge, the ones that we are provided with—that I know about—yes, they do.

Senator MASON—Is it common that agencies do not?

Ms K Curtis—I do not think 'common' would be an appropriate word, but I cannot be certain that all agencies do.

Mr Pilgrim—When it comes to the voluntary guidelines, we would be relying on individual agencies who are using them to provide us with the information. We do not have a process by which we are in a position to go around and randomly check every agency to see whether they have been undertaking those sorts of matching activities in accordance with them. We rely on them to, if you like, voluntarily provide us with that information each year.

Senator MASON—Mr Pilgrim and Ms Curtis, would you be surprised if a CEO of a Commonwealth agency was not aware of the Privacy Commissioner and privacy issues?

Ms K Curtis—I would be surprised if they were not aware. The Privacy Act has been in place since it was passed in 1988.

Senator MASON—Twenty years now!

Ms K Curtis—Effective 1 January 1989. I would be surprised if senior people were not aware.

Senator MASON—Is it fair to say that health records in particular are privacy sensitive?

Ms K Curtis—Yes. Under the private sector provisions of our act, health records are actually specifically accorded a higher status, sensitive information, and given higher levels of protection. Under the information privacy principles which cover the way government agencies and departments operate, it is not the same sort of definition, but generally speaking—and it is borne out by our community attitudes survey, which we have undertaken every three years for the last three cycles of that—people think that their health information really ought to be carefully regarded.

Senator MASON—So, when you have the data matching of any individual and their Medicare records, that is potentially highly privacy intrusive—correct? And you would be surprised if a CEO of a Commonwealth agency was not aware of that?

Ms K Curtis—I would be surprised. The Privacy Act is well known, and it is a key act. It is part of the accountability framework of government.

Senator MASON—Why are health records so particularly privacy sensitive, Commissioner?

Ms K Curtis—It tells a lot about us as individuals. It differentiates us from each other. It is people's perceptions. Your own health records are your own health records.

Senator MASON—Indeed. It could be records relating to drugs that relate to a psychiatric condition, for example, couldn't it—and so on?

Ms K Curtis—Yes. There are lots of reasons why people think that their health records are very important to them and ought to be well protected.

CHAIR—Thank you very much. I do not believe there are any further questions. Once again, we appreciate your time.

Ms K Curtis—Thank you, Chair.

[9.44 pm]

CHAIR—Welcome back to the table. Do you have some additional information or a correction, Minister?

Senator Faulkner—It is probably both. I can inform the committee that the briefing that I received from the Department of the Prime Minister and Cabinet in fact was on 20 May, and I think I have indicated that it was 21 May. It was the late afternoon of 20 May. I do apologise to the committee, because I think I indicated to them that it was the Wednesday, not the Tuesday. It was in fact the Tuesday. The rest of the processes surrounding it are as I indicated, but I just want to get that date clear, Chair.

CHAIR—Thank you, Minister.

Senator FIFIELD—Minister, I think you have indicated that the Taubenschlag matter has been referred to the government staffing committee by Minister Fitzgibbon at your recommendation. Is that correct?

Senator Faulkner—Yes.

Senator FIFIELD—What is the government staffing committee?

Senator Faulkner—It is a small committee. It consists of three people: the chief of staff of the Prime Minister's office, the Deputy Prime Minister and me or appropriate nominees. As it undertakes its normal role and responsibility—that is, the membership in relation to the matter that has been referred—I will talk when I have an opportunity to the Deputy Prime Minister and Mr Epstein about appropriate nominees to deal with this issue.

Senator FIFIELD—What are the usual roles and functions of this committee?

Senator Faulkner—The committee deals with recommendations to the Prime Minister about staffing. It usually goes to the issue of classification or any matter in relation to staffing—for example, if there is a proposal for a personal classification for a staff member which, you would understand from the membership of the committee, happens from time to time or a suggestion that a ministerial staffer might have a non-standard home base or the like or other issues that are referred to it by the Prime Minister or other ministers.

Senator FIFIELD—It is a committee whose prime responsibility is ensuring that the appropriate senior staffer is chosen for the government and that certain entitlement issues such as where people are based, which might be out of the ordinary, are signed off on.

Senator Faulkner—It does have a recommendatory role to the Prime Minister in relation to government staff matters and makes a range of decisions. One of the issues here—as you appreciate—is that our ministerial staff have an employing minister, and finding an appropriate vehicle or process for these sorts of matters is not easy. I have thought about this and, given the relationships that exist between an employer and employee under the MoPS Act, I thought this was an appropriate way of proceeding with this issue.

Senator FIFIELD—Who does the committee report to formally? Does it formally report to a minister?

Senator Faulkner—It certainly can do, but I indicated to you that on a range of matters it reports to the Prime Minister.

Senator FIFIELD—Has the committee met before—it meets regularly?

Senator Faulkner—It meets regularly. There are certainly other occasions in previous governments where there have been such committees. I am not entirely clear on the situation that applied during the life of our immediate predecessors.

Senator FIFIELD—I think there was a similar committee, but I am not aware that it—

Senator Faulkner—There was something called that, but I would not want to speculate on roles.

Senator FIFIELD—No, I do not think it ever addressed probity issues as such. Does the government staffing committee receive copies of the pecuniary interests statements of senior staff? I assume it is senior staff, in the main, that this committee has responsibility for.

Senator Faulkner—No.

Senator FIFIELD—It does not examine those; okay. I assume it will be examining the pecuniary interests statement of one particular staff member through this process.

Senator Faulkner—All I would say to you is that I am a member of the committee. I hope you have heard in the evidence I have provided that I am serious about assuring myself on a range of issues that have been canvassed at this committee. I accept that that needs to be done thoroughly.

Senator FIFIELD—Sure. Minister, obviously I take at face value the fact that you are serious at ensuring that there are no issues of propriety here—

Senator Faulkner—I am assuring myself there are no issues of impropriety.

Senator FIFIELD—Impropriety. We are pretty clear that there are no issues of propriety here!

Senator Faulkner—I didn't know whether that was a slip of the tongue or a—

Senator FIFIELD—It was a slip of the tongue. But I think you probably would not be entirely surprised if opposition members of this committee and perhaps the general public might not have the highest degree of confidence in an investigation being undertaken by the government staffing committee, which consists of three of the chief political operatives of the government: the Chief of Staff to the Prime Minister, the Deputy Prime Minister and you—the three people who have perhaps the primary responsibility for ensuring the partisan political welfare of this government.

Senator Faulkner—Well, Senator—

Senator FIFIELD—Senator Faulkner, given that appearances matter, and we have great concerns about the appearances of the awarding of this particular contract, wouldn't you conceded that appearances also matter when it comes to the investigation of these sorts of issues and that the appearances are pretty darn awful having the government staffing committee consisting of the Chief of Staff to the PM, the Deputy Prime Minister and you?

Senator RONALDSON—Given that the PMO is implicated.

Senator Faulkner—The first thing I would say to you is that I have absolute confidence in the other members of the staffing committee. The second thing I would say to you is that obviously there is a capacity to nominate others. I mentioned that to you earlier, and I will be talking to both Ms Gillard and Mr Epstein about that. But let me also say to you, Senator, that there is an issue here, which I think you would appreciate, in relation to the relationship of any staff member employed under the MOP(S) Act and the relationship that they have with their employing minister. These matters are often handled by the employing minister, and in this case I have suggested a different course of action to the minister, who is, as you know, Mr Fitzgibbon. I would suggest to you that you can make some judgements about the process after it has concluded. If you are suggesting that members of the committee, such as me, are approaching this issue with some sort of agenda, you would be wrong. I can assure you that, if it were my view that this matter should not be dealt with properly, I would not for one moment have suggested the sort of course of action that I have. But I think you need to take account of the rather unique circumstances that we all have as members, senators and

ministers in terms of our employing relationships with our staff. I think you appreciate that. This process takes that into account.

Senator FIFIELD—As I say, I take at face value your determination to get to the bottom of this, but there is the matter of perception. If you are going to have an examination, an investigation, of what at face value is an extremely questionable process in awarding the contract—

Senator Faulkner—Well, Senator—

Senator FIFIELD—If I can finish, please, Senator Faulkner—that investigation itself surely has to be one which is seen to be beyond reproach, without reflecting in any way, shape or form on the individuals concerned. Any independent party looking at this would be hard pressed to say that this is an independent review process.

Senator Faulkner—But, as I have indicated to you—but let me be really clear with you on this—obviously in the first instance the committee will look at how this issue should be best progressed. That is what the committee will do.

Senator FIFIELD—Has the committee actually met yet to look at this matter?

Senator Faulkner—It has not met yet.

Senator FIFIELD—When will it be meeting?

Senator Faulkner—I hope it can meet soon. It rather depends on my own availability. I know that you would appreciate that I have been sitting at an estimates table for a substantial period of time. Now that I am back in Canberra I will certainly try and get the committee together at an early opportunity and that—

Senator FIFIELD—But you first became aware of this matter on 20 May—is that correct?

Senator Faulkner—That is right.

Senator FIFIELD—So there has been ample opportunity between 20 May and today, I am sure, for that committee to have been convened.

Senator RONALDSON—Senator Faulkner, you said before you have not even spoken to the Deputy Prime Minister about the matter yet.

Senator Faulkner—I have not spoken directly to the—

Senator RONALDSON—No, exactly; that is my colleague's point.

Senator Faulkner—The issue has been flagged with the Deputy Prime Minister, but I would hope that, at the earliest available opportunity, the committee will meet and look at appropriate processes in these circumstances. I am sure the sorts of issues, the sorts of sensitivities, that you are raising, Senator Fifield, will be uppermost in the committee's mind.

Senator FIFIELD—You mention that each of the principal members of the government staffing committee have the capacity to have a nominee there—

Senator Faulkner—We could do that, or we could look over different process—

Senator FIFIELD—If I could continue—

Senator Faulkner—It is a serious process and, if you are suggesting that in some way this is a flawed process or my objective is to cover it up, I can assure you I would not have taken the course of action I have if that were my objective. It is not my objective. It is not my intention. It is not my motivation. And it will not happen.

Senator FIFIELD—Bearing that in mind, in relation to the prime ministerial representative on that committee—I think this is a relevant question to ask, and the deputy secretary may be able to assist here—who from the Prime Minister’s office was in the meeting where CMAX was recommended? We would not want to see that person find themselves on that committee.

Mr Mrdak—I have undertaken to the committee to take that on notice. As I have said, the way advice was provided to me was that several names were suggested to look at. I do not think I used the word ‘recommended’.

Senator FIFIELD—Yes, but who from the Prime Minister’s office was actually at that meeting?

Mr Mrdak—I have taken that on notice.

Senator FIFIELD—I thought there may have been the opportunity during the break to ascertain that.

Mr Mrdak—I have not had the opportunity.

Senator Faulkner—There is no risk of the circumstances that you have suggested arising, Senator Fifield.

Senator RONALDSON—Thank you, Minister. The only way that that can occur is for you to make inquiries of the Prime Minister’s office to ascertain who the person was who made this recommendation/suggestion. How do you intend pursuing that?

Senator Faulkner—What I intend to do in the first instance is speak with my colleagues on the government staffing committee about a way forward on this matter. I am well aware of the question that Mr Mrdak has taken on notice. I can assure you that I will be sensitive to those sorts of issues and the issues or perceptions that Senator Fifield also raises. Of course, I said before, some may see this as an imperfect process. I suspect that there is no perfect process in these circumstances, but I will be working through a course of action that I think—

Senator RONALDSON—Which will also identify the person within the PMO, I would assume?

Senator Faulkner—I will be working through a course of action to deal with those matters that I have asked Mr Fitzgibbon to refer to the government staffing committee.

Senator RONALDSON—But you appear to be heading down a path for the sacrificial lamb in Minister Fitzgibbon’s office. I want to bring you back to the Prime Minister’s office, because it was the Prime Minister’s office, through its representative on this committee, who actually got us to where we are at the moment. So Minister Fitzgibbon’s staff member, yes, is an important part of this, but let us get back to where this all started, which is back to the Prime Minister’s office, where the suggestion was made which led to this contract being met. I want you to tell us how and when you will ascertain who that person was within the Prime

Minister's office, and I want you to then tell us what action you intend, and whether that person will be referred to this staff committee, and would you take appropriate action?

Senator Faulkner—Mr Mrdak has taken on notice a question that you and your colleagues have asked in relation to a staff member in the Prime Minister's office. I think you probably accept this: in relation to the process that I have explained to the committee, this comes about as a result of a briefing I received; it does not go to unnamed individuals or the like. It relates to specific concerns that I had and which were identified in that briefing relating to Mr Taubenschlag. As a result of that, those issues I have indicated go to the relationship with the company, CMAX, which received—

Senator RONALDSON—Thank you. I understand all that. When did you speak to Minister Fitzgibbon about this?

Senator Faulkner—When?

Senator RONALDSON—Yes.

Senator Faulkner—I believe I had a telephone conversation with him on the evening of the 20th. But I will check that for you and, if it needs to be corrected, I will correct it.

Senator RONALDSON—What did we say was the revised date for the delivery of the estimates brief?

Senator Faulkner—It was the 20th, not the 21st.

Senator RONALDSON—The 20th? So you spoke to him after you had received the brief?

Senator Faulkner—Of course. I did not know about the issues until I had received the briefing.

Senator RONALDSON—I am a bit surprised, I have to say, that you were not made aware of this. I am also surprised that, when the department knew about the issue sometime before then, you had not been briefed in relation to this matter. Deputy Secretary, why would the Cabinet Secretary or the PMO not be briefed in relation to this matter, given that you became aware of it after Jewel Topsfield first raised the matter on 25 April?

Mr Mrdak—As the minister has outlined, when we became aware of this issue through the media article over that period, the department produced a short brief which set out the details as we understood them at that time.

Senator RONALDSON—Where was that sent to?

Mr Mrdak—That was sent to the ministerial offices as a possible parliamentary question brief.

Senator RONALDSON—So which ministers did it go to?

Mr Mrdak—It would have gone to the Prime Minister's office and to Senator Faulkner's office.

Senator Faulkner—I indicated before that I received a PPQ brief.

Senator RONALDSON—So you got the PPQ? When was that PPQ delivered, do you know?

Senator Faulkner—It would have been in mid-May, I believe.

Senator RONALDSON—Mid-May?

Mr Mrdak—I will check the dates on that and confirm that for you.

Senator Faulkner—We should be precise about it.

Senator RONALDSON—So, Deputy Secretary, you became aware of this presumably shortly after—and I would be amazed if it was not very shortly after—these press articles, and you are saying that there was not anything given to anyone before the middle of May?

Mr Mrdak—No, Senator. What I am advising is that, once that media article appeared, the department looked at the issues raised and produced a short possible parliamentary question brief for the ministerial officers. That contained a number of key elements, which I have outlined today to the committee. The more detailed examination of this issue took place in the lead-up to estimates. As we are currently going through the process of settling all the contracts and arrangements coming out of the summit, we are now in a position to do much more detailed analyses and provide advice as we close off the various summit issues. The more detailed briefing was provided to Senator Faulkner on the 20th, as he has outlined.

Senator RONALDSON—And the detailed briefing was presumably done because you expected there might be some questions about this matter at Senate estimates?

Mr Mrdak—There was certainly an expectation of questions in relation to this matter, given the media focus that had taken place. Also, we are now in a position with the summit out of the way to go back through the contracts and understand exactly what has been done to make sure proper process has taken place. That process has been going on over the last couple of weeks as we pay the invoices and go through the process. That has given me the opportunity to also go back and establish the full picture around this contract.

Senator RONALDSON—So there was no concern expressed from the Prime Minister's office when you delivered this QTB in relation to this matter, was there?

Mr Mrdak—There certainly is concern—

Senator RONALDSON—But when you delivered this QTB—and I suspect it was well before the middle of May, but whenever it might have been—there was no concern expressed by the PMO, was there, in relation to the allegations that were raised? There was no request for an inquiry, was there?

Senator Faulkner—The brief does not raise allegations.

Senator RONALDSON—Presumably there was no request for further information, because that did not come until the detailed estimates briefs.

Senator Faulkner—The brief does not—

Senator RONALDSON—It was pretty relaxed up there, wasn't it, until this brief came?

Senator Faulkner—The brief does not raise allegations, Senator. I have read the brief. It does not raise any allegations.

Senator RONALDSON—Do you mean to tell me that you were not given these press releases which quite clearly raise an allegation of the most obscene ‘jobs for the boys’ allegation that I think has been seen around this place in a long time?

Senator Faulkner—I have indicated I was aware of the press. I have said that to you on a number of occasions. I am not changing my evidence. Yes, I was aware of the press reports—all of them, I believe.

Senator RONALDSON—But you have not even spoken personally yet to the Deputy Prime Minister in relation to this committee that you have put together to address this extremely serious matter.

Senator Faulkner—I intend to sit down with the Deputy Prime Minister. I have not had an opportunity. I have been attending Senate estimates for the best part of the last 48 hours.

Senator RONALDSON—But you received this brief on 20 May. Given this detailed brief, the serious nature of this matter which might have deserved some action did not occur to you then? Or could I cynically put to you that these Senate estimates have probably kick-started this process in relation to the inquiry by the staff committee?

Senator Faulkner—Truthfully, in a way that is right, because these issues came to my attention, as I have indicated to you, in a briefing I received from the department on 20 May. That briefing did relate to issues pertaining to these estimates. So, yes, in some senses what you say is true. But I have been very clear about this and, I think, very transparent about it. I indicated and stressed with you earlier that I wanted to provide a bit of the background and history on this, so I spoke about the media commentary on the issue, the question time brief that was prepared by PM&C on the issue and then the substantive briefing I received in Senate estimates. After that briefing, as I have indicated to you, I contacted the Minister for Defence.

Senator RONALDSON—Can I ask you a question, Deputy Secretary? This Jewel Topsfield and Kenneth Davidson article appeared on Friday, 25 April. Had you been contacted by the PMO prior to picking up the paper the next morning or picking up the clips regarding this matter?

Mr Mrdak—No.

Senator RONALDSON—Are you aware that in this article the Prime Minister’s spokesman had actually made comments on the issue the night before?

Mr Mrdak—I was not aware of any such comments until I saw the media article itself during that weekend.

Senator RONALDSON—I quote from the article:

Asked why the CMAX contract had not been put out to open tender, a spokesman for the Prime Minister said last night that due to the tight time frame between the announcement and holding of the 2020 Summit, several service providers were engaged through a direct source process. “This process was in line with all Government tendering requirements,” he said.

So they were aware of this matter the night before. So you had not been approached in relation to it and you had not been asked for a brief?

Mr Mrdak—I had not.

Senator RONALDSON—Can you just go back through the dates that we are talking about, so we are absolutely clear about this? Can we start off with the summit and then can we talk about all the other dates that followed from there that we have referred to?

Mr Mrdak—Certainly. The Prime Minister announced on 3 February the intention to hold the summit.

Senator RONALDSON—Do you want to get back to me and let me know when the department was made aware of the summit?

Mr Mrdak—Yes, I will take it on notice. The steering committee for the summit, which included the co-chairs of each stream, was announced on 26 February. The advice to me is that in that period around 26 February there were extensive discussions taking place between the department, the ministerial office and the vice-chancellor's office in relation to the need for media support. Names were being identified and suggested through that process—

Senator RONALDSON—Can I just hold you there—was Annie O'Rourke from the PMO involved in any of these discussions at this stage?

Mr Mrdak—She certainly was involved in the organisation of the summit.

Senator RONALDSON—Was she involved in those discussions?

Mr Mrdak—I do not know. I will have to take that on notice.

Senator RONALDSON—If you would not mind. Thank you. Did she attend any meetings around that time?

Mr Mrdak—She is certainly an officer in the Prime Minister's office who was involved in the organisation of the summit.

Senator RONALDSON—I know that.

Mr Mrdak—I imagine she would have been involved in a number of the discussions in relation to the organisation of the summit. So those discussions were taking place. As I mentioned earlier, the work in relation to media assistance requirements intensified in the lead-up to and after 26 February. The project director and the assistant secretary of the task force—after looking at a whole range of options, I am advised—met with Tara Daley/Taubenschlag on 29 February and received a project proposal from that company on 29 February. After that discussion and a look at the project proposal and the folio of work, it was agreed to do a direct engagement with Ms Daley. The formal FMA regulation 9 approval was signed by the department on 2 March and the contract was signed on 6 March.

Senator RONALDSON—Thank you. Can you take on notice, please, the details of any meetings that Annie O'Rourke from the PMO attended from the date of the announcement and through the relevant period that we are talking about, at least to 3 March when the contract was signed? You are already going to find out for me who it was from the PMO who attended this meeting where the recommendation was made. If that is a different person then you will advise me accordingly.

Mr Mrdak—I will check that. My understanding is that a series of conversations were taking place around this whole organisation. The evidence is there was a lot of activity around these issues at the time.

Senator RONALDSON—Minister, when you spoke to Minister Fitzgibbon, what date did he advise you that he had become aware of this matter?

Senator Faulkner—I did not have that sort of conversation with him.

Senator RONALDSON—You did not discuss that with him at all?

Senator Faulkner—Let me outline this to you, without breaching any confidences. It was a fairly short conversation. I indicated to the defence minister that I had received a briefing for the estimates committee from the Department of the Prime Minister and Cabinet. Certain issues were raised that I believed warranted further attention. I indicated to him what I thought in these circumstances would be an appropriate course of action. I think it is fair to say that he agreed. It was a fairly short conversation.

Senator RONALDSON—What did you say to him: ‘We are going to need to get something put together very quickly so we can start building the case around this issue?’

Senator Faulkner—No, I did not say that. I said that I thought the issues that had been raised by me with officials at a briefing were important enough to warrant further consideration—I have identified to you what they were—and suggested to him how this might progress.

Senator RONALDSON—Just finally—

Senator Faulkner—What I cannot say to you—and I just want to be really clear on this—is whether that phone conversation took place on the 20th or the 21st. I believe it was the 21st, but I will need to really check that date. That is the only thing I am not sure about.

Senator RONALDSON—How was this proposed meeting raised with the Deputy PM? You said you had no personal contact with her. You said it has been raised with her office. When was that done and how was it done?

Senator Faulkner—It was simply done in what I would describe as a corridor conversation between myself and the Deputy Prime Minister while rushing to an estimates committee hearing.

Senator RONALDSON—So there was no contact between staff?

Senator Faulkner—None to my knowledge. I think this is not a matter to be handled by my staff or the Deputy Prime Minister’s staff. It is a matter that—

Senator RONALDSON—You keep copious notes, don’t you? On a serious matter like this, presumably you would have made a note of when you raised this with the Deputy Prime Minister.

Senator Faulkner—Today.

Senator RONALDSON—Today?

Senator Faulkner—I said, in effectively what I would best describe as a corridor conversation going to—

Senator RONALDSON—What time was that?

Senator Faulkner—Quite recently, actually.

Senator RONALDSON—What time?

Senator Faulkner—Earlier this evening.

Senator RONALDSON—After this matter was first raised?

Senator Faulkner—What do you mean ‘after this matter was first raised’? The matter was first raised by me some days ago.

Senator RONALDSON—With the Deputy Prime Minister?

Senator Faulkner—I do not understand what you mean by ‘after this matter was first raised’.

Senator RONALDSON—The Deputy Prime Minister is one of the people who will be involved in this committee.

Senator Faulkner—That is right.

Senator RONALDSON—I asked you when the contact was made with the Deputy PM. You said—

Senator Faulkner—Earlier this evening, as I have explained.

Senator RONALDSON—And that was the first time there had been any contact made?

Senator Faulkner—It is the first time I have contacted the Deputy Prime Minister.

Senator RONALDSON—The first time you have raised the matter with her.

Senator Faulkner—Yes.

Senator RONALDSON—It is the first time you have raised the matter of this committee—the staff committee—with her?

Senator Faulkner—Yes.

Senator RONALDSON—Was that after this matter had been first raised here this evening?

Senator Faulkner—I believe it was, because it was only a couple of hours ago—a short time ago.

Senator RONALDSON—So you have spoken to her. Who was the third player in this matter? Was it the PMO? Have you spoken to anyone in the PMO about this staff—

Senator Faulkner—The third player, as you describe them in this matter, if you mean the other member of the staffing committee, is the Prime Minister’s Chief of Staff. I do not know whether the Prime Minister’s Chief of Staff has had any contact with the Deputy Prime Minister on this matter. I simply do not know that. But, if you would like me to, I will take it on notice and try to establish that for you.

Senator RONALDSON—You said that you raised this matter in a process with Minister Fitzgibbon on 20 or 21 May. Because of your concern about the nature of the matters that had been raised in the estimates brief with you, you took the time to personally ring Minister

Fitzgibbon and have a discussion with him—a short discussion, admittedly—to outline a process. You are now telling this committee that that process was so lacking urgency that it only needed to be raised in the corridor tonight after this matter was raised at estimates. Minister, can I put it to you that if this matter had not been raised at estimates you would not have discussed it with either with the Chief of Staff of the PMO or with the Deputy Prime Minister.

Senator Faulkner—That is not right, Senator. It is not right at all. From your own point of view, I do not even know if it is a point worth making. I can assure you that I do treat the issue seriously. It is a matter of sitting down with my colleagues on the committee and working through a process. I will do that at the earliest opportunity. I am rather constrained at the moment because of estimates committee hearings, which you would appreciate I am going to give a priority to.

Senator RONALDSON—This is a reaction tonight—

Senator Faulkner—It is not a reaction tonight, Senator.

Senator RONALDSON—to what you foresaw as a serious political issue. You then moved to engage your colleagues on this staff committee, and this was the first time you have done so since your conversation with Minister Fitzgibbon. Either you do not believe this is a serious issue—

Senator Faulkner—There are a number of conclusions you are jumping to, but let me say I do treat it as a serious issue. I have, I believe, progressed it quickly and I believe Minister Fitzgibbon has progressed it quickly too.

Senator RONALDSON—What has he done?

Senator Faulkner—What has Mr Fitzgibbon done?

Senator RONALDSON—Yes.

Senator Faulkner—He has referred the matter in the terms that I have described to the committee.

Senator RONALDSON—During that telephone conversation that you had with him?

CHAIR—Senator Allison now has the call.

Senator FIFIELD—He referred it back to Minister Faulkner.

CHAIR—Senator Allison has the call.

Senator RONALDSON—I am halfway through a question.

CHAIR—I am sorry, Senator Ronaldson. There was an agreement at 10 o'clock.

Senator RONALDSON—I am just halfway through a question.

Senator FORSHAW—You have been halfway through a question since 10 o'clock.

CHAIR—You have had most of the afternoon and the evening on this.

Senator RONALDSON—So during this short conversation with Minister Fitzgibbon, you then discussed a proposal with him.

CHAIR—Senator Allison has the call.

Senator FORSHAW—Point of order, Chair.

Senator RONALDSON—He then directed you to do so. Is that what you are telling me?

Senator Faulkner—None of that is right.

CHAIR—There is a point of order before the chair.

Senator FORSHAW—The point of order is that you have given the call to Senator Allison, who has been waiting patiently for the call, and I think Senator Ronaldson is out of order.

Senator RONALDSON—Point of order, Madam Chair. I am full of admiration for the way you handle this position, I have got to say, but can I say to you that I was halfway through a question to the minister.

Senator ALLISON—You could put the rest of the questions on notice.

Senator RONALDSON—I am not including you in this. If the government side want to close down discussion of this now, that is okay, but they will be judged accordingly.

Senator FORSHAW—No.

CHAIR—Senator Ronaldson, you know very well that you indicated to me you had one more question.

Senator RONALDSON—And I was halfway through it.

CHAIR—After that you continued to ask at least another four questions. We already had an agreement, and the reason we are so far behind the program is that people are not very mindful of the time. Under the agreement, Senator Allison had the call from 10 o'clock, so Senator Allison has the call.

Senator Faulkner—Could I suggest, Chair, that I may be able to quickly deal with the matter that Senator Ronaldson has raised, and it may in fact—

CHAIR—I do appreciate that, Minister, but we will come back to him. We have got about half an hour. That is the agreement that we had.

Senator Faulkner—My problem is that I do not want to leave a question up in the air and for it to appear as if in any way I was not wanting to ensure that the record is clear.

Senator ALLISON—Okay. Let's go ahead with it.

Senator Faulkner—If that is not the situation, it is fine. I certainly do not want that.

CHAIR—If you can finish your response, we will go to Senator Allison and then we will come back.

Senator Faulkner—Just so we are clear on it process wise, I met with officials from the Department of the Prime Minister and Cabinet in an estimates briefing on Tuesday, 20 May. I contacted Mr Fitzgibbon after that on 21 May, and Mr Fitzgibbon referred the matter to the staffing committee on 22 May formally.

Senator RONALDSON—At your suggestion?

Senator Faulkner—It was at my suggestion, yes. As I have indicated to you, it is my intention to speak to colleagues and have that committee meet and work out a way forward on

this matter. I take account of all the issues that have been raised in relation to those processes. I can assure you it is I think important from the government's perspective that there are thorough and appropriate processes, and there will be. Separately, you have made a suggestion in relation to the other member of the government staffing committee—and that is Mr Epstein, as I have indicated to you. I have had one or two brief conversations with Mr Epstein about this but, because of my own travel and these estimates hearings, I have not been able to do this in the way I would like to. I am hoping, perhaps tomorrow, to be able to progress those matters if I get some free time.

Senator RONALDSON—I will come back to that.

Senator ALLISON—I wish to go to the content of the summit: when is the final report to be released?

Mr Mrdak—The government is committed to publishing the final report by the end of this month. The department has been compiling the final report from all the scribed notes that were taken. That work is still continuing. Subject to concluding estimates, I hope that we can conclude that in the next day or so.

Senator ALLISON—So tomorrow is the 28th. What do we mean by the end of the month—is it the 30th or 31st?

Mr Mrdak—I am pleading to at least have until the 31st, if I can.

Senator ALLISON—I am interested in who decided the rules and the format for the summit. How involved was the Prime Minister's office in doing that?

Mr Mrdak—There was certainly involvement. Principally, it was largely the role of the vice-chancellor's office and the vice-chancellor of Melbourne university to develop the program and the operation of the summit at the Prime Minister's request. So the format adopted and the way in which the program was developed was largely done by the vice-chancellor and the vice-chancellor's office, obviously, in discussions with the department and the Prime Minister's office.

Senator ALLISON—If we can just go through some of those. The insistence that there would be no votes taken on any ideas, themes or—what were the other things that were developed?

Mr Mrdak—I think there were themes, ambitions and big ideas.

Senator ALLISON—Ambitions—that is the other one. Why was it the case that ideas and themes could not be put forward without there being consensus?

Mr Mrdak—I do not think that was the case in each stream. I think in various streams they adopted different approaches, and that was very much dependent on the cochairs and facilitators in those streams.

Senator ALLISON—I see. So there wasn't a set of rules developed prior.

Mr Mrdak—No. What was developed was a program and what the Prime Minister requested for each day were the ambitions, themes and the big ideas. That was the challenge the Prime Minister set the summit.

Senator ALLISON—So every group went around the table with 20 seconds for their idea, then that was put into a theme, that was put into ambitions and then there was the big idea, which stood out.

Mr Mrdak—It very much depended on the dynamics and the operation of each stream. Having seen a number of them and now having worked through the record of each of the streams, there were different approaches adopted. The vice-chancellor and the vice-chancellor's office developed a facilitation methodology for the program and that was discussed with the various facilitators. The facilitators for each stream were leading professionals in the facilitation field that provided their time pro bono. They worked with the vice-chancellor's office in developing the program. Each of the facilitators adopted their own approach and methodology along with their cochair.

There was a lot of discussion in the lead-up to the summit between the cochair and the facilitators about what they thought was the most effective way to operate. In some streams there were discussions which led to votes on the big ideas; other groups went for a consensus approach. Some groups broke into four discussion groups, but streams like Indigenous broke into 10 discussion groups. There were different formats adopted depending on the stream and what the cochair and facilitators thought would work best to get the engagement in those streams.

Senator ALLISON—What about central questions about voting, where the whole group had to agree to the final communique—I do not think that is what you call it—that there would be no voting on?

Mr Mrdak—I do not think there was a central direction like that—not that I am aware of.

Senator ALLISON—So groups might have had voting if they had chosen to do that?

Mr Mrdak—In fact, the record, which will be published by Saturday, will show that in some groups they achieved their big ideas through a vote or certain ideas came to the surface by virtue of a show of hands and the like of the majority view. We have tried to record in the record of discussions all of the ideas which may not have made the big list.

Senator ALLISON—So was there a general directive about no targets, no money and no budgetary considerations—was that a rule?

Mr Mrdak—No. One of the challenges, the PM said on the Saturday morning to the summit, was to look for a no-cost idea. But there were certainly no restrictions such as that, and the record of discussion will show that in a number of groups they made proposals for programs and the like which they see as being necessary to implement the ideas that they have developed.

Senator ALLISON—Do you think that it might have been preferable for those rules to have been consistent?

Mr Mrdak—Certainly there was guidance to the facilitators about the outcomes being sought and the flow. I think the vice-chancellor's office and some of the facilitators who worked with the vice-chancellor's office to develop the program did a very good job in setting out a proposed structure. There were some ground rules around that in terms of overall

outcomes sought. The way the groups operated individually was very much a judgement made by the cochairs and the facilitators in those streams.

Senator ALLISON—What sort of complaints have been made so far about the process and the outcomes from each of the groups—have there been any?

Mr Mrdak—Overwhelmingly, the summit itself—

Senator ALLISON—No, I am not asking you about the overall feeling. I am asking what complaints were made, if any.

Mr Mrdak—As some of the streams looked at the initial report produced on the Sunday afternoon at the conclusion of the summit, there was concern in a couple of streams that we may not have effectively captured all of the big ideas in that initial report. By its nature we could not because discussions were taking place through late Sunday morning, Sunday lunchtime and early Sunday afternoon while the various initial reports were being put together by the cochairs. There has been some concern there. We have sought to reassure people that, where those ideas may not have appeared in that initial report, which was published on the Sunday afternoon, they will appear in the main report which is now being produced by the department utilising the scribe notes that were taken. That has been the major concern. There has been concern in at least one stream that I am aware of that some of the facilitation that took place did not work for a couple of individuals in that stream. But most of the focus has been about how the initial report captured what people saw as the big ideas.

Senator ALLISON—Were there any complaints about the way that ideas were put forward but were ruled out by the facilitators?

Mr Mrdak—I am aware of a couple of people who have raised issues about the way the facilitation or the process within each substream may have worked to finalise a list of ideas. But, as I say, when people see the final report, I would hope that they see that we have captured all of the suggestions that were put forward by individuals as well as the group. We have been very conscious in our drafting of the final report of making sure that it will not read as a Department of Prime Minister and Cabinet report of the summit; it will actually be individual stream chapters which will capture ideas as well as the points that were made in the discussion. We have tried to do that as best we can by using the scribe notes.

Senator ALLISON—Was there a process for receiving complaints? Is there a record of them? Will they be made part of the report?

Mr Mrdak—There has been ongoing email traffic, if I can put it that way. People have been contacting the department putting forward submissions. We have had the website operating where people can make submissions on the initial report and give us their ideas. A number of participants have put areas to us that they want to ensure are covered in the final report. We have been picking those up, checking them against the scribe notes and picking those up in the final report.

Senator ALLISON—I am not sure you answered my question about whether the complaints about the process will be picked up in a report.

Mr Mrdak—From reading through the scribe notes, what we have tried to do is pick up the flow and style of the discussion, and then all of the points that were made by participants

in a stream. They may not have been picked up as ideas, depending on how the stream operated, but we have at least sought to pick up the points that individuals made in the discussions.

Senator ALLISON—I was a summiteer and I felt quite critical about the process and I talked to quite a few others who were likewise critical but may not have made complaints. There did not seem to me to be a process there for doing that.

Mr Mrdak—Where people have had concerns, we have received submissions or emails, though not a large number, through the chairs, the facilitators or direct to the department. As I said, it is not a large number of people who have raised things with the department. We have been trying to provide an opportunity for people to continue to engage on the initial report. Since early May, the website has been revamped in order to take submissions from people on the initial report. We have had that process and we continue to publish further submissions that we receive.

Senator ALLISON—For some reason, in the sustainability group we were told that we had to couch the language in terms of ‘could’, not ‘must’, ‘should’, ‘will’ or ‘ought to’. I notice in reading the interim report that no other group was asked to do that. Are you aware of that?

Mr Mrdak—I am not aware of that.

Senator ALLISON—You might reread it to see.

Mr Mrdak—I will reread the final report in that sense.

Senator ALLISON—This was not a dictate from on high; this was from the facilitator.

Mr Mrdak—Obviously that is the way the co-chairs and the facilitator decided to run that particular stream with the participants.

Senator ALLISON—The facilitator referred to a centre and said that this was necessary because the centre had determined that this was the style of writing.

Mr Mrdak—There were certainly requests the Prime Minister made of the summit participants in relation to the outputs for that initial report, where he asked for the ambition, the theme and the big ideas and those sorts of things.

Senator ALLISON—Can I ask you to take that on board and find out why our facilitator would have insisted on couching all of the points and ideas in terms of ‘could’ instead of some other expression?

Mr Mrdak—I will try and check that. In fact, I will check it against the final report just to see. But I am certainly not aware of a central approach like that, though I may be wrong. I will check that.

Senator ALLISON—Did you receive any complaints to the effect that the communique did not in fact reflect the discussion?

Mr Mrdak—There were some who made that point. I think some people put articles into papers and the like which raised their concerns about some of this. From what I have seen it is a relatively small number.

Senator ALLISON—Concerns were raised in my group about what was seen as a domination by vested interests, particularly the coal sector. How many representatives or people with connections with the coal industry were part of the sustainability stream?

Mr Mrdak—I would have to check that.

Senator ALLISON—Could you do that?

Mr Mrdak—Yes.

Senator ALLISON—The general sense seemed to be that it was the coal industry that pushed the idea that there should only be consensus around statements which were made—are you aware of that?

Mr Mrdak—No.

Senator ALLISON—As part of that, the words ‘renewable energy’ were ruled out by the facilitator. Does that surprise you?

Mr Mrdak—I was not aware of that at all.

Senator ALLISON—The facilitator of the water group, and subsequently the sustainability group as a whole, was Elizabeth Nosworthy. She, it seems, is deputy chair of the Clean Coal Technology Board and was the chair of the Stanwell Corporation. I noticed bios were not provided for the facilitators which might have revealed these sorts of connections. Do you think that was an oversight?

Mr Mrdak—I am certainly aware that the bios of the lead facilitators were published in the program. Are you talking about facilitators for substreams?

Senator ALLISON—Correct.

Mr Mrdak—No, those bios were not provided as far as I am aware. I would need to check how substream facilitators were selected or appointed into those roles.

Senator ALLISON—I must say I was surprised that it was ruled out of order for the words ‘renewable energy’ to be included in any of the text that went in from the whole group, given the government’s own commitment to renewable energy, the renewable energy target and the fund for renewable energy development. Does that surprise you as well?

Mr Mrdak—I am certainly not aware of that. As I said, I am happy to have a look at that, but I am not aware of any such thing taking place.

Senator ALLISON—You mentioned that the convenors all have bios, and that was right. The connection that Roger Beale, who was the convenor for our group, has as Director of Connector Motorways, the Lane Cove Tunnel Project organisation, was initially published on the website and then that connection, him being Director of Connector Motorways, was subsequently removed from his biography. Can you shed some light on why that might be the case?

Mr Mrdak—I am not aware of that. I am happy to take that on notice. If there has been a change to the bio, I am certainly not aware of it.

Senator ALLISON—If you could do that, please. One major omission, it seemed to me, was that there was no expertise in the sustainability group from people with knowledge and

expertise in the design of sustainable cities, which was something of a surprise given the title of that stream. Do you know why this would be the case?

Mr Mrdak—Certainly the final report of the group has a great deal to say about sustainable cities. I am a little bit surprised by your comment about the lack of expertise in the group, because I presume—

Senator ALLISON—We might look into that as well. My reading of the people who were there indicates that there was not someone with that expertise. In fact, I think there was an individual who is fairly well known for criticising urban consolidation and has views that are quite at odds—some would argue, anyway—with sustainable city development.

Mr Mrdak—As I say, I am not aware of that issue. The co-chairs certainly looked very hard in their selection of people to get a balance of expertise and knowledge into the groups, and I am surprised by the suggestion that there might not have been expertise. But I am happy to look at the composition of the group and provide advice back to you in relation to the participants who were there.

Senator ALLISON—There was quite a lot of pressure on groups to finalise wording, to get the ideas agreed and so on in the workshop sessions. A lot of people I spoke with said that time was wasted in the plenary sessions. We had very long plenary sessions with lots of vox pops, and time seemed to be wasted in this way. Can you explain to the committee why it was decided to have those long plenaries and why that time would not have been better spent in developing the ideas?

Mr Mrdak—They are judgements that were made by the vice-chancellor and his office in designing the program about how they best thought they could stimulate and drive some thinking. I think having those plenaries was designed to do that. The initial plenary in the Great Hall, the opening, was designed to present the challenge. The plenaries at the end of the day were designed firstly to try and encapsulate some of what had happened during the day and then to try and lighten the mood with a more light-hearted session. I think that was some of the sense of it, trying to get a flow to the program. The plenary on Sunday morning was designed again to try and stimulate some thinking from different perspectives. As I say, these were judgements that were made by the program designers. I have to defer to their judgement in how they designed the program.

Senator ALLISON—I would have to say that I could not see too much that would stimulate thinking in some of those plenaries. The Hugh Jackman vox pops, amusing though they were, did not seem to me to be especially riveting or stimulating in terms of thinking.

Mr Mrdak—I think that last plenary was designed to be a more light-hearted reflection on how the day had gone as a way of winding up the first days, then people transitioned through the informal drinks to dinner, where people could continue the conversation and then start afresh the next day. I think that was the thinking behind the program design. It may not have worked for every participant. I know a lot of people did comment that they would have liked more time to spend on working through things. I think in hindsight the program might be done differently. But, as I say, I think that was the initial thinking that was done in putting the program together.

CHAIR—I will hand over to Senator Ronaldson and just remind everyone that we are finishing at 11 o'clock and then we are having a private meeting at 10 to nine in the morning.

Senator RONALDSON—Mr Deputy Secretary, the interview that took place on the 29th with Ms Taubenschlag—who else was interviewed on that day?

Mr Mrdak—My advice is that only Ms Taubenschlag was interviewed on that day for this particular role.

Senator RONALDSON—She was the only one who was interviewed.

Mr Mrdak—On that day. My understanding is that there were other persons being considered who were not interviewed on that day, who were talked to but were not available. The advice to me was that an officer of the Attorney-General's Department with communications experience was identified the day before and started that day. There was an officer who had worked on APEC issues who they had been hoping to get to come and work on the task force on media management, and that day was identified as not being available as they had taken another position. So my understanding is that only Ms Taubenschlag was interviewed—

Senator RONALDSON—She was the only one who went through a formal interview process for this contract?

Mr Mrdak—Apart from the APS employees I mentioned who they were seeking to bring in. As I said, there was an officer from the Attorney-General's Department who started the day before in a media role as well.

Senator RONALDSON—Yes, but in relation to this media contract that was let out to CMAX Communications, Ms Taubenschlag was the only person interviewed for that particular contract?

Mr Mrdak—My understanding is that, once she had been identified as someone who may have the skills, and the initial check was done, she was then invited in for a discussion. Off the back of that discussion the decision was reached, subject to receiving some further advice from her about terms and the like, to engage her.

Senator RONALDSON—A pretty strong recommendation, as we know. When I asked you before about a Ms Annie O'Rourke and the meetings that she attended you said you would take that on notice. Can you also add to that list in the same time frame—so just add to the answer—the names Fiona Sugden and Lachlan Harris. So, along with Annie O'Rourke and the meetings that I asked you to identify that she was at, can you also for those same meetings add the names Lachlan Harris and Fiona Sugden. Very quickly, can I ask you, Minister: there was a Linda Hornsey identified tonight. What was the name of the Deputy Premier of Tasmania who I gather was forced to resign? What was that gentleman's name, do you know? Was that a Mr Steven Kons. Was he the Deputy Premier?

Senator Faulkner—That is my understanding. I am no expert in Tasmanian politics. In fact, we are lucky here tonight that our chair is far more expert in these matters than I am. But I think that is right, isn't it?

CHAIR—Yes, Steven Kons was the previous Deputy Premier prior to Mr Bartlett himself, before he was promoted.

Senator RONALDSON—Did the Hon. Steven Kons resign in honourable circumstances, do you know, Minister? Or did he resign because he had been shredding documents? Do you know anything about that?

Senator Faulkner—I have suggested to you that I am not an expert in Tasmanian politics, but there was—

Senator RONALDSON—Who was head of the department, do you know, Minister, when all this was going on?

Senator Faulkner—Head of which department?

Senator RONALDSON—The Department of the Premier and Cabinet.

Senator Faulkner—In relation to?

Senator RONALDSON—When Mr Kons was forced to resign because he had been shredding documents, do you know who the head of the Tasmanian Department of the Premier and Cabinet was at that time?

Senator Faulkner—I would need to take advice on this too, but I believe it was Ms Hornsey.

CHAIR—In fact, the current head of the Department of Premier and Cabinet is Mr Evan Rolley.

Senator Faulkner—I am sorry; I am not an expert in Tasmanian politics.

Senator RONALDSON—It was Linda Hornsey, wasn't it?

CHAIR—No, it was not Linda Hornsey; she retired, I think, in excess of 12 months ago.

Senator Faulkner—I am not quite sure how relevant it is to our committee, but I believe our chair knows a great deal more about these matters than I do.

CHAIR—It certainly was not Ms Hornsey at that time.

Senator Faulkner—I am sure Senator Ronaldson was really only asking rhetorical questions there. He seems quite relaxed with the answers.

Senator RONALDSON—To the extent that I will go and double-check them.

CHAIR—I think he already knows the answers.

Senator Faulkner—Just before Senator Fierravanti-Wells commences her questioning, could I just confirm that at the conclusion of this questioning we will deal with the departmental elements of Prime Minister and Cabinet, and we will be back tomorrow to kick off the day with the Auditor-General—is that correct?

CHAIR—That is our intention. We will have a private meeting in the morning to confirm that, but that is our intention.

Senator Faulkner—But officials, I assume, will not be required to attend, apart from the Auditor-General? That is why I asked the question.

CHAIR—That is right.

Senator Faulkner—So it will be the Auditor-General.

CHAIR—Any further questions after 11 o'clock will be put on notice.

Senator Faulkner—Thank you.

Senator FIERRAVANTI-WELLS—When you spoke with Minister Fitzgibbon, and I think your discussion with him was on the 20th, were you made aware, or are you aware, of when Christian Taubenschlag joined the minister's office?

Senator Faulkner—Let us be clear on this. I believe I spoke to Mr Fitzgibbon on the 21st. As I outlined to the committee before, it was a comparatively brief conversation. It was mainly me outlining to Mr Fitzgibbon the concerns that I—

Senator FIERRAVANTI-WELLS—Do you know when Mr Taubenschlag joined Minister Fitzgibbon's staff? That is really the question I am asking: if you were aware of that and when that happened.

Senator Faulkner—I do not have a precise date for you, no. And, I have to say, I am not sure that it is necessarily a matter, technically, for this committee. I understand these issues are being canvassed here, and we try to be helpful, but I think you would understand that the date of the engagement of a media adviser for—

Senator FIERRAVANTI-WELLS—I am asking in the context—

Senator Faulkner—No, let me finish: the date of the engagement, on ministerial staff, of a media adviser to the Minister for Defence is hardly a matter that we would normally canvass at this committee.

Senator FIERRAVANTI-WELLS—Could you take it on notice, because it is relevant in the context of the spokesman for the Prime Minister referred to in the article of 25 April.

Senator Faulkner—Could I respectfully suggest that you place that one on notice for Foreign Affairs and Defence.

Senator FIERRAVANTI-WELLS—Oh well, all right. In that same article, the spokesperson for the Prime Minister said that, due to the tight time frame between the announcement and the holding of the 2020 Summit, several service providers were engaged through a direct source process. I think you gave us a list, but are you going to provide that list of the ones that were engaged through direct source, and the ones that were engaged through the proper processes?

Mr Mrdak—The bulk of the contracts were either direct source or select tender under the procurement guidelines.

Senator FIERRAVANTI-WELLS—You see, it brings us back to the global question. The date given to me, in answer to a question on notice, on when advice was provided to the Prime Minister from the department on the 2020 Summit, is 30 January. So what this whole exercise shows is that the times were—suffice it to say that the matter was rushed, to say the very least, which indicates perhaps a lack of preparation. I think that we have adequately seen that corners were cut in this process and I think that, in the process—and you could take this on notice—as you pay the bills, you are obviously doing a bit of a stocktake of the various contracts. Have you found other discrepancies?

Mr Mrdak—Not at this time.

Senator FIERRAVANTI-WELLS—Sorry?

Mr Mrdak—Not that I am aware of at this time.

Senator FIERRAVANTI-WELLS—When you provide the answer to the question about the contracts, could you look each of the contracts and highlight for me whether there were any discrepancies that were found subsequently in the process.

Mr Mrdak—Certainly. As we do with any such major project, we will put in place our internal audit processes to look at this arrangement as part of looking to improve our processes and practices. We will do that over the coming weeks and months.

Senator FIERRAVANTI-WELLS—Also, can you tell me which of those contracts were actually scrutinised and went through the lawyers.

Mr Mrdak—Certainly. I—

Senator FIERRAVANTI-WELLS—Thank you.

Mr Mrdak—I think the role of the legal advice was largely around the development of the contracts.

Senator FIERRAVANTI-WELLS—Thank you.

Mr Mrdak—The work to negotiate and the like was done by departmental officers

Senator FIERRAVANTI-WELLS—In an article in the *Australian* on 26 April reference was made to disgruntled participants who basically complained that participants in a number of the streams questioned the official version of the proceedings and complained that Labor's political agenda was foisted on them. You mentioned earlier that the facilitators had guidelines about what was being sought. Could you table a copy of those guidelines. If they are not available or if they are on the public record—

Mr Mrdak—I am happy to take that on notice and provide those.

Senator FIERRAVANTI-WELLS—Thank you. Could you also tell me whether the facilitators actually went in with draft agendas?

Mr Mrdak—I am not aware there were draft agendas. As I outlined to Senator Allison, there were certainly outcomes sought by the Prime Minister and the challenges he set on the Saturday morning looking for ambitions, themes and big ideas. That is essentially what the group from the summit as a whole was tasked to do.

Senator FIERRAVANTI-WELLS—In relation to each of the groups, could you provide the following for me: were there draft agendas; who took the minutes; who drafted the documents in relation to each of the groups; and could you also advise if there were formal complaints received? We have seen complaints through the press about delegates who are concerned that not all their views were incorporated. Could you provide me with any formal complaints that were received in relation to that process.

Mr Mrdak—We have not received formal complaints as such. I have received submissions and comments from people. We have been encouraging people to comment on the initial report, which we have been feeding in to the finalisation of the main report. In relation to the

scribes, there were scribes for each stream who took detailed notes, which are what we have used to now draft the final report.

Senator FIERRAVANTI-WELLS—Could I get the details as to who those scribes were. Thank you.

CHAIR—Over to Senator Abetz for the final question of the evening.

Senator ABETZ—I understand there may be some confusion about the person that was in charge, a Ms Linda Hornsey. Just to be absolutely sure, can we have clarified that that is the same Linda Hornsey that was in fact in charge of Premier and Cabinet in Tasmania at the time that the then Deputy Premier shredded a document in relation to the appointment of a magistrate?

Mr Mrdak—Linda Hornsey, who was appointed as the project director for 2020 Summit to our department, was the former head of the Tasmanian Premier's department.

Senator ABETZ—Was she the head of the Premier's department at the time that the document appointing a magistrate was shredded by the then Deputy Premier, Steve Kons?

Mr Mrdak—I am not familiar with that issue, but I am happy to take that on notice.

Senator ABETZ—If you could take that on notice, I think you will find that it is one and the same person. Thank you very much.

CHAIR—Thank you, everyone. Thank you, Minister. Thank you, Mr Mrdak.

Senator Faulkner—We will be back tomorrow morning with the Auditor-General. This now will release departmental officials.

CHAIR—We certainly do. Goodnight.

Committee adjourned at 10.59 pm