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SENATE

STANDING COMMITTEE ON FINANCE AND PUBLIC
ADMINISTRATION

ESTIMATES

(Supplementary Budget Estimates)

MONDAY, 20 OCTOBER 2008

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

Monday, 20 October 2008

Members: Senator Polley (*Chair*), Senator Fifield (*Deputy Chair*), and Senators Cameron, Jacinta Collins, Fierravanti-Wells, Hanson-Young, Moore and Ryan

Participating members: Senators Abetz, Adams, Arbib, Barnett, Bernardi, Bilyk, Birmingham, Mark Bishop, Boswell, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, Cash, Colbeck, Coonan, Cormann, Crossin, Eggleston, Ellison, Farrell, Feeney, Fielding, Fisher, Forshaw, Furner, Heffernan, Humphries, Hurley, Hutchins, Johnston, Joyce, Kroger, Ludlam, Lundy, Macdonald, Marshall, Mason, McEwen, McGauran, McLucas, Milne, Minchin, Nash, O'Brien, Parry, Payne, Pratt, Ronaldson, Scullion, Siewert, Stephens, Sterle, Troeth, Trood, Williams, Wortley and Xenophon

Senators in attendance: Senators Abetz, Bilyk, Boswell, Boyce, Brandis, Bob Brown, Cameron, Cash, Jacinta Collins, Cormann, Ferguson, Fierravanti-Wells, Fifield, Fisher, Forshaw, Johnston, Lundy, Marshall, Mason, Milne, Moore, Polley, Ronaldson, Ryan, Siewert, Trood and Xenophon

Committee met at 9.00 am

PARLIAMENT PORTFOLIO

In Attendance

Senator the Hon. John Hogg, President of the Senate

Parliament

Department of the Senate

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

Department of Parliamentary Services

Portfolio overview and major corporate issues

Mr Alan Thompson, Secretary
Mr David Kenny, Deputy Secretary
Ms Roxanne Missingham, Parliamentary Librarian
Ms Cindy Marcina, Acting Chief Finance Officer
Ms Freda Hanley, Assistant Secretary, Product and Service Development Branch
Mr Terry Crane, Assistant Secretary, Strategy and Business Services Branch

Output 1—Parliamentary Library services

Ms Nola Adcock, Assistant Secretary, Information Access Branch

Dr Jane Romeyn, Assistant Secretary, Research Branch

Output 2—Building and occupant services

Ms Karen Griffith, Assistant Secretary, Building Services Branch

Output 3—Infrastructure services

Mr John Nakkan, Assistant Secretary, Infrastructure Services Branch

Output 4—Parliamentary records services

Ms Therese Lynch, Assistant Secretary, Content Management Branch

CHAIR (Senator Polley)—Good morning everyone. I welcome those appearing before us this morning and my Senate colleagues. I declare open this hearing of the Senate Standing Committee on Finance and Public Administration. The Senate has referred to the committee the particulars of proposed and certain expenditures for 2008-09 and 2007-08, and particulars of proposed supplementary expenditure for the parliamentary departments and the portfolios of Prime Minister and Cabinet, Finance and Deregulation and Human Services. The hearing today is supplementary to the budget estimates hearings held in May. The committee has before it a list of outcomes relating to matters which senators have indicated they wish to raise at this hearing for the parliamentary departments and the Prime Minister and Cabinet portfolio. The committee has fixed 5 December 2008 as the date for the returns of answers to questions taken on notice. I propose to proceed by opening with general questions and then by moving on and calling outcomes and outputs in the order listed on the program.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that, in giving evidence to the committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee. The Senate, by resolution in 1999, endorsed the following test for relevance of questions at estimates hearings: any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings.

I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has the 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 should 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 should be accompanied by a statement setting out the basis for the claim, including what possible commercial harm may result.

I now welcome the President of the Senate, Senator the Hon. John Hogg, and the Clerk and officers of the Department of the Senate. Mr President, welcome to your first estimates hearing in your position. Do you have an opening statement?

Senator Hogg—Yes, thanks, Chair—just a very brief opening statement. The committee will be aware that, partly as a result of the work of this committee, the government has undertaken a review of the budgeting framework. This review includes a focus on the wording of outcome statements. Following discussions between officers of the Department of the Senate and the Department of Finance and Deregulation, and with the approval of the Appropriations and Staffing Committee, I recently wrote to the Minister for Finance and Deregulation seeking his endorsement to change the department's outcome statement from 'Effective provision of services to support the functioning of the Senate as a house of the Commonwealth parliament', to 'Advisory and administrative support services to enable the Senate and senators to fulfil their representative and legislative duties'. I am awaiting his response to that request.

The revised wording reflects the recommendation of the committee in that the outcome statement is more precise and specific. It also reflects the approach that the Department of Finance and Deregulation is seeking to implement across the Commonwealth. The present review also aims to reintroduce the nomenclature of programs and subprograms in place of outputs. While officers of the Department of the Senate and Department of Finance and Deregulation are still involved in discussions it appears probable that the reporting structure contained in the recent portfolio budget statements will remain largely unchanged with a similar standard and quality of disclosure. That is my opening statement. Thank you, Chair, and I think the Clerk has a brief opening statement as well.

CHAIR—Would you like to make an opening statement?

Mr Evans—I just want to apologise for the absence of the Usher of the Black Rod, Andrea Griffiths. Unfortunately she injured herself in a minor accident and is not able to be with us because of that. She has also indicated, as senators would probably be aware, that she will be retiring towards the end of this year. So this would have been her last estimates hearing appearance and it is unfortunate that she is not able to be with us.

CHAIR—I think we also should place on record our thanks to Andrea for her service to the Senate over a long period of time.

Senator ABETZ—Chair, I welcome you, Mr President, to your first Senate estimates and congratulate you on the way you are conducting the role of President. I also put on record on behalf of all the opposition our best wishes for Andrea Griffiths for (1) a recovery and (2) her future after her retirement. I have a number of brief questions which relate to some of the Senate procedure and I trust this is potentially an appropriate forum for it to be raised rather than taking time in the chamber. It relates to where you, Mr President, may from to time bring down a written statement or a statement that is tabled. You read it out and some question is raised as to the correctness of that. How would that normally be corrected, if it is deemed that it needs correction?

Senator Hogg—I will leave that to the Clerk.

Mr Evans—If it is a ruling of the President, of course, the Senate can dissent from a ruling of the President. A majority of the Senate can dissent from a ruling and in effect put in place its own determination of whatever the point happens to be. If it is not a ruling it can be considered by the Procedure Committee and there are other means whereby, in effect, at the end of the process the Senate could substitute its own determination for whatever the matter happens to be.

Senator ABETZ—I ask though, rather than moving a dissent or even raising it to the level of the Procedure Committee, one example that I have in mind is the occasion when I tried to use a particular standing order to ask a chair of a committee a question, which descended into all sorts of points of order. I do not want to labour that too much other than to say that the ruling provided to the Senate, which asserted that I had said certain things after the event and the *Hansard* disclosed that it was not said by me, I raised in response in the Senate anticipating that something might occur as a result of that and nothing seems to have occurred. I am just wondering: is it the normal practice if something is objectively incorrect? I think it may have been Senator Ellison who actually made the comments referred to rather than me. Why cannot things like that be corrected without the need for dissent or Procedure Committee but through just another statement being made shortly thereafter?

Mr Evans—The President responded to the substantive issue. I think that was a side issue that sort of got lost as the caravan moved on, so to speak.

Senator ABETZ—With great respect, Clerk, if a senator raises the issue, I do not think it is for the Clerk or anybody else to describe it as a side issue. A senator did consider it important enough to raise and I did ask at the time if somebody could point out to me in the *Hansard* where I had actually said that which was asserted in the ruling. Nobody has come back to me indicating, ‘Yes, Senator Abetz, this is where you said it.’ I am willing to acknowledge that I might be wrong in relation to this but it just seems to me that, whilst not of great moment, any student of Senate procedure et cetera reading this ruling might go back to the *Hansard* of the day to check up to see what it is alleged Senator Abetz said. They read the *Hansard* of the whole day and find that Senator Abetz said nothing of the sort. They would then be left somewhat flatfooted and it is just for the record. I do not think my future in parliament, or indeed the President’s or the Clerk’s future rides on this particular issue. But I do think it is important to have these things clarified and nailed down as much as possible.

Senator Hogg—I thought that had been covered in subsequent statements made by yourself in the Senate and that the position had been clarified. Certainly, I understood that after the initial argy-bargy that took place I thought the issue had gone on the backburner. If there is something further there that you think is necessary to clarify, I am quite happy to have another look at the record.

Senator ABETZ—Mr President, I fully agree with you that the issue is on the backburner but as a side issue from that there was something in your ruling. I am sure it was not a deliberate—

Senator Hogg—It certainly was not considered of great moment, as you have said, and I do not think it reflected badly on yourself as such because, subsequently, in debate in the

chamber I think you clarified your position well and truly. Rather than get bogged down arguing on a very moot point I thought it was best to leave the issue.

Senator ABETZ—I will not labour the point anymore but when there is a ruling with all the authority of the President and a sole senator gets up and says, ‘With respect I disagree because there is an aspect which is not supported by the evidence,’ and then it is just left in the ether, most people would normally say, ‘Here is a lone senator speaking and here is a statement made with the authority of the chair,’ and chances are you would punt for the authority of the chair. When that is objectively on the evidence not correct, with not that much sway on that particular incorrect statement, I just think it might be desirable for the future if a very brief statement could be made clarifying that—

Senator Hogg—I will give you an undertaking that we will look more closely at the *Hansard* in the future.

Senator ABETZ—Thank you for that. I do not want to labour that anymore. The other issue is: I was wondering whether there is any direction that is given to Senate staff in any way in relation to their support of organisations in which individual senators might be the patron, the office bearer or a member in which that particular senator takes an active role? Is there any rule of guidance in relation to Senate staff?

Senator Hogg—I would not think that there would be anything of that nature. Direction from whom, Senator Abetz?

Senator ABETZ—Either from the President or from the Clerk, I would imagine. As I understand the standing orders, Senate staff are required to serve each individual senator independently with the best, most rigorous advice that they can possibly give, and I am just wondering if it would be seen or deemed to be a conflict of interest if a particular Senate staffer were to be seen as supporting an organisation of which a senator might be an office bearer, a patron or an active participant.

Senator Hogg—Firstly, I would have no knowledge—it is certainly not within my purview—of any Senate staffer who would be in that situation. Secondly—

Senator ABETZ—So when I say ‘Senate staffer’, I mean as in the Clerk’s office—

Senator Hogg—Yes.

Senator ABETZ—not senators’ staff.

Senator Hogg—No, and that was what I was referring to it as. So that is the first thing. The second thing is that, in my nearly eight weeks in office, I have not issued any instructions to any person—whether it be the Clerk or anyone in the department as such. So, again, it is not within my knowledge.

Senator ABETZ—I am not suggesting that such a ruling or direction has been provided. I am just wondering whether it would be seen as a potential conflict for a Senate staffer to be engaged in supporting an organisation in which one particular senator might have a substantial interest.

Senator Hogg—I will leave that to the Clerk.

Mr Evans—I think that is a matter that is left to the individual judgement of individual staff members.

Senator ABETZ—So you, Clerk—as being, for want of a better term, in charge of the Senate staff—would not have a particular view on that: that individual Senate staffers could, for example, donate to the Liberal Party above the \$300 threshold? You would not see that as a difficulty?

Mr Evans—If there were an association between a staff member and a political organisation that could give rise to some question about the staff person's required lack of bias, I would certainly talk to the staff person about it and counsel them if necessary. But no such occasion has arisen—not in a long time, anyway.

Senator ABETZ—All right. Thank you very much.

CHAIR—Are there any further general questions?

Senator FIFIELD—Mr Evans, you will recall that recently the coalition introduced a bill into the Senate to give effect to a pension increase, and there was a dispute between the two houses as to whether that was constitutional or not. I am just wondering if you have had the opportunity to examine the advice that the Clerk of the House furnished and, if that is the case, if you could take us through where you think that the advice of the Clerk of the House was in error.

Mr Evans—First of all, I do not know that it is right to characterise it as a dispute between the two houses. I think it was a dispute between the majority of the Senate and the government, which is often the case with these things.

Senator FIFIELD—Between the majority of the Senate and the government?

Mr Evans—Yes.

Senator FIFIELD—I am missing the distinction there.

Mr Evans—I think the government took a position on it and said that the government had advice on it, and the motion in the House of Representatives was moved by the government and there was no debate on the motion—the debate on the motion was gagged. So there was not really an opportunity for a House position to be expressed, even if there were a House position—but I pass over that, anyway. I am not sure that I am able to take you through all the arguments that were advanced in detail because I could not remember them offhand, but there was a great deal of material that was not really relevant to the issue. The key issue is that there is a statute on the statute books that says, in one particular provision: 'By force of this provision, all the money that is necessary for the payment of pensions is appropriated by this provision forevermore and in unlimited amounts.' You then cannot turn around and say, 'Well, this bill, which changes the entitlement, actually appropriates the money for that entitlement.' It is simply totally illogical to say that. If that were the case then you would be appropriating the money twice. Perhaps the pension could be doubled because you appropriated the money twice. So it is simply not supportable to say that a bill of that sort appropriates the money, within the very clear wording of the first paragraph of section 53 of the Constitution.

Senator FIELDING—Perhaps I should have characterised it as a disagreement between the clerks of the two houses.

Mr Evans—As I have said before, over many years I have discovered it is an amazing coincidence that when government has advice on these matters—and it is governments of all persuasions—the advice always supports the position of the government of the day. It is an amazing coincidence, but there we are.

Senator FIFIELD—Mr Evans, do you and the Clerk of the House have any formal or informal exchanges about these sorts of issues? Do you periodically get together as clerks to talk about these issues, or even talk over a beer informally?

Mr Evans—The answer is no! On both—certainly not the part about the beer!

Interjector—What, the Clerk won't shout?

Mr Evans—That is probably right! I have never put it to the test!

Senator FIFIELD—But there is no formal setting in which the two of you sit down and say 'Look, we need to nut through this once and for all'?

Mr Evans—No, there is not.

Senator FIFIELD—Okay. We look forward to futures instances of this. Thank you, Clerk.

Mr Evans—As I said in the notes I prepared, we will keep a sharp lookout for bills initiated by the government in the Senate which in principle do exactly the same thing—namely, authorise matters relating to money which is either already appropriated or is to be appropriated in the future.

Senator FIFIELD—Thank you. We appreciate your vigilance.

Senator FORSHAW—As a general question, Clerk, there have been instances in the past haven't there where there have been differences of opinion between the clerks of the Senate and the House?

Mr Evans—Yes.

Senator FORSHAW—I am trying to think. I recall one a couple of years back, but I cannot recall what it was. Can you refresh my memory?

Mr Evans—There was one about the compellability of people who are or have been House of Representatives ministers as witnesses before Senate committees.

Senator FORSHAW—Yes, that is correct.

Mr Evans—There was a doctrine of the lifetime immunity of people who have been ministers in the House of Representatives from compulsory appearance before Senate committees.

Senator FORSHAW—That is correct.

Mr Evans—It is a doctrine that I dispute.

Senator FORSHAW—Yes. Thank you.

Mr Evans—But there have been other disagreements about section 53 of the Constitution and particularly the third paragraph about 'charge' or 'burden'. There have been a lot of disagreements about that and a lot of highly esoteric material has been put out about that.

Senator RONALDSON—To the present, has anyone in your department that you are aware of had any formal media training from external sources this year?

Senator Hogg—I think that is best left to one of the officers of—DPS, is it, Clerk?

Mr Evans—When you say media training, are we talking about departmental staff here?

Senator RONALDSON—Yes.

Senator Hogg—You are talking about the Senate staff.

Senator RONALDSON—Yes.

Senator Hogg—I thought you went to the broader question.

Mr Evans—Do we mean training of staff about how to deal with the media?

Senator RONALDSON—Yes, media training. Or have any of the staff—Mr Tate, Mr d'Angelo or any of the clerks—received any training in relation to Senate estimates, for example?

Mr Evans—No.

Senator RONALDSON—I have some questions in relation to program overspends and underspends but, because of the time, I will put them on notice. Mr President, are there any incomplete reviews or inquiries being undertaken in your portfolio area at the moment?

The PRESIDENT—Do you have anything particular in mind?

Senator RONALDSON—No. I am just asking the general question of whether there are any reviews.

The PRESIDENT—To the best of my knowledge, the answer is no.

Senator RONALDSON—Is that correct?

Mr Evans—Yes.

Senator RONALDSON—Can you take that on notice?

Mr Evans—We have not got anything in the department that would meet that description.

Senator RONALDSON—Okay. Thank you.

CHAIR—As there are no further general questions or questions on output groups, we thank you for attending this morning. We will now move to the Department of Parliamentary Services.

[9.26 am]

Department of Parliamentary Services

CHAIR—Welcome. Mr Thompson, do you wish to make an opening statement or just a few comments?

Mr Thompson—Yes, I have just a few brief comments to make. I suppose No. 1 is to reflect that we have just tabled our annual report, and that was a very useful way for me as a relatively newcomer to get a good handle on what had been achieved in 2007-08. There was a lot to be proud of as a department, notably in and around the role of DPS in assisting the 41st Parliament to come to the conclusion of its business and then in facilitating the induction

process, I guess you would call it, for the 42 new members of the House of Representatives and, a little later in the year, for the 14 new senators. Hopefully, we were very constructive in the way in which we assisted with both those processes. We also contributed in a big way to the major events both in and around the chambers, including the national apology to Indigenous people, the 2020 workshop and the 20th anniversary of Parliament House.

In parallel with all of that, we were busy launching the new child-care facility—and we are very pleased that it was endorsed by both houses late in June—and changing our catering contractors. Both catering contracts took effect from 1 July. Four months into the life of the new catering contracts, we are aware of a few minor problems; but, overall, both the new catering contractors appear to be picking up the messages that they are getting from their customers, whether that is senators or members or other users of this building. At this stage, both operations appear to be progressing very well.

Looking to 2008-09, we came into this year, along with all the other APS departments, having received our two per cent additional efficiency dividend. That has been a challenge to us. The other issue that I think senators will well understand is that we are beginning to comprehend the level of activity in the Senate chamber, the House of Representatives chamber and especially committees. Committee work has ramped up very impressively. It has senators very busy but it equally has our staff very busy as well. At this stage, we believe that we are coping but it would be fair to say that some groups within DPS are particularly busy at the moment to serve the needs of the various committees, including this one today.

We have made some suggestions to the JCPAA about different ways of thinking about our funding for the future, given the reality of very busy committee work and chamber work and that that fluctuates from year to year. We think there may be more constructive ways of looking at how we are funded, with base funding to a certain level of parliamentary activity and then additional funding over the top of that to take account of these peaks and troughs that do seem to be part of the life of this parliament. That said, the officers here would be very pleased to answer any questions from members of this committee.

Senator FIFIELD—Mr Thompson, as I am sure you are aware, the Parliament House locks are a staple of this committee. I am just wondering whether, at the outset, you might be kind enough to remind the committee of how many times the Parliament House locks have been put to tender.

Mr Thompson—Have been to tender?

Senator FIFIELD—A couple of the tenders had to be aborted for various reasons.

Mr Kenny—I am just chasing the brief but my recollection is that there were three aborted ones and that the one that we are on now is the fourth. Installation is taking place, so I think we can say that it has been successful.

Senator FIFIELD—Just on that point of installation, I am glad it is a case of the fourth time lucky with tenders. There have been a number of emails from the Deputy Usher of the Black Rod in relation to the changes of the locks. There was one on 12 August which advised that the locks would be changed during the week beginning 8 September; an email on 12 September advised that ‘due to circumstances beyond our control’ the project has been delayed and change would then take place between 1 October and 10 October; and a third

email on 7 October advised that, due to staffing issues, the Senate wing locks would now be changed between 27 October and 7 November. I am just wondering what the ‘circumstances beyond our control’ and the staffing issues were which have caused this further delay.

Mr Kenny—The first one related to the failure to deliver the locks into the country—there was a manufacturing delay. The second one was the staffing delay. I do not think I can help you with that because the actual scheduling of the changes within the Senate are done by the Senate department, just as the changes within the House of Representatives are done by the reps department. I can check whether we have any information available.

The PRESIDENT—I can help out in respect of the Senate. The Deputy Usher of the Black Rod advised me the other day that it was left to the House of Representatives to go first so that, if there were any difficulties, we would not encounter them in the Senate.

Senator FIFIELD—I think there is great wisdom in that, Mr President. I am sure everyone will be relieved once the locks are actually changed. How long will it be before the locks will need to be changed again?

Mr Kenny—I do not think I can help you there. What I do know is that the reason for needing to change them related to patents. Our advice from the government was that, if locks are out of patent, they are less secure. Presumably, that situation continues but I do not know what the likely time frame is. I think this is the only time they have been changed since the building was built, so I would hope that we were looking at 20 years—which would see me not being involved at least.

Senator FIFIELD—That is good to hear.

Senator RONALDSON—Where are the locks coming from? You said I was an overseas manufacturer.

Mr Kenny—I think it is Finland. The answer is either Finland or Sweden, but we will confirm that.

Senator RONALDSON—I presume that their have been checks done of the manufacturer to ascertain their bone fides and their security status.

Mr Kenny—Not by us.

Senator RONALDSON—These locks will presumably be for everyone through to the Prime Minister office to the Treasurers office, to the Leader of the Opposition’s—right throughout the house. I would have thought it would be prudent to be doing some security checks of the manufacturer to ensure that there is not access through illegal means by master keys of whatever it might be. It is an overseas manufacturer and I am a bit surprised that you do not appear to have done any security checks on the manufacturer themselves.

Mr Kenny—I will take the actual process of it on notice, but my initial response would be that we would ensure that the companies that we go to tender with have been certified by some process—probably by somebody like ASIO.

Senator RONALDSON—You understand where I am coming from.

Mr Kenny—Yes. I understand completely, and we will take it on notice. I just do not have the details with me of how the whole locking business is certified, if that is the right word. I

know for example that for things other than locks there is a thing called an SCES, which is an acronym that I will have to get, but it is basically an endorsed committee so that ASIO or some other part of government—but I think that it is ASIO—assesses these organisations and gives them the tick. But I do not know exactly what the detail is with the locks so we will take that on notice.

Senator FIFIELD—Correct me if I am wrong on this, but journalists in parliament house have pretty much the freedom to roam around corridors. As long as they are not disorderly, causing an obstruction or unnecessarily hassling in any way then they are pretty free to move around the building, aren't they? There is no particular restrictions on there moment.

Mr Thompson—There are no undue restrictions, but there are restrictions which they do understand about where they can interact with members in terms of reporting things. So they certainly cannot trawl around with a cameraman right behind them and catch you or whoever just in the corridor. That is certainly not part of what they are allowed to do.

Senator FIFIELD—Sure. Thank you for that. A matter that you might be able to clear up is the report in the *Daily Telegraph* on 24 June this year. There was an article by Malcolm Farr which reports that some members of parliament were complaining about the activities of reporters around parliament house. I want to check firstly if you are aware of any complaints from members of parliament house of the activities of journalists around that time.

Mr Thompson—No, I have not heard that. But normally those complaints would go to either the usher or the Serjeant-at-Arms.

Senator FIFIELD—They would not find their way to you?

Mr Thompson—They would, but normally then—

Senator FIFIELD—The first point of contact is the usher or the Serjeant-at-Arms.

Mr Thompson—That is right.

Senator FIFIELD—Okay. I will continue on that point. In this article, it makes the point:
... usually reporters have been able to walk the corridors of Parliament House as long as they aren't disorderly—

which you say is the case. The article goes on to say:

... yesterday a *Daily Telegraph* journalist was stopped near the House of Representatives entrance and ordered to move on by an attendant who threatened to take away the reporter's pass.

That incident has not come to your attention?

Mr Thompson—No, it has not come to my attention. It may well have been an issue that was dealt with directly by the Serjeant-at-Arms.

Senator FIFIELD—Is it possible to take on notice whether there was such an incident?

Mr Thompson—We can ask for any information they might have.

Mr Kenny—We can look for information, but, as Alan says, the way in which it would be handled on the spot by the Serjeant's office would be the end of it.

Senator FIFIELD—I would be interested, because I am just having difficulty bringing to mind the sort of circumstances which might warrant an attendant requesting the pass of a member of the press gallery, so I would appreciate it if that could be taken on.

Mr Kenny—Sure, but—

Senator FIFIELD—Apparently, it was the day before 24 June.

Mr Kenny—23 June.

Senator FIFIELD—23 June. The inference in the article—and, again, you may want to take this on notice—is that there had been a request or that this action was taken at the behest of the member for Robertson in some way. Again, it is a newspaper clip. If you could take that on notice as well, that would be helpful. I think we all respect and recognise the need for journalists to have freedom of movement around this building to do their job, so long as they are not interfering with members and senators going about their jobs. I would appreciate that, thank you.

Senator RONALDSON—Just on that point, while you are making those inquiries, can you also look at a story and a photograph in the *Australian* on 29 May which showed one of the Prime Minister's security detail swatting aside the microphone of a radio reporter attempting to ask Mr Rudd a question on petrol prices. Please look at that matter and get back to me. Can you also advise whether the department has received any correspondence this calendar year from the Speaker's office or the Chief Government Whip's office in relation to the parliamentary access of journalists or any correspondence at all in relation to the action of journalists and the nature of that correspondence, the date of it and any response.

Just so there is no confusion, Mr Thompson, can you detail what access is available, just to follow up Senator Fifield's question. What are the access rules for journalists? Senator Fifield has quite rightly indicated what I think most people would view as being a serious infringement on this *Daily Telegraph* reporter who was threatened with the removal of their pass. We have had the PM in ABC Radio, where photographers were refused access while he was doing an ABC program. We have a member of the Prime Minister's security detail swatting microphones away. Can you please detail exactly what the rules are and why the behaviour that Senator Fifield has alluded to and those following matters that I have also alluded to were acceptable—why those could be appropriate actions against journalists, given their fairly free access, quite rightly, to this building?

Mr Thompson—We can certainly come back to you with that. In terms of filming and television, there are guidelines that are on the web. We can reproduce those and give those to you. In terms of the incidents that you have mentioned, certainly for the one for the *Telegraph* I think it will be very straightforward for us to learn from the Serjeant-at-Arms's office what might have happened there. We can certainly make inquiries about the one that you mentioned about the Prime Minister's security, but I am not so sure that we will be able to get the detail there, simply because it sounds, from what you described, like an incident either in the courtyard in the driveway there. Whether anybody apart from that particular police officer or security officer witnessed it, I simply would not know.

Senator FIFIELD—It was inside the house, because I think the PM was unveiling a calligraphy version of the motion of apology in a public area of Parliament House—

Mr Thompson—Okay.

Senator FIFIELD—so I think it will be quite obvious. If you go to the *Australian* of 29 May on page 33, you will get the details. In fact, I am happy to table both of those, if it would be of any assistance.

Mr Thompson—We can pursue that—we can get a copy of that paper—and we can certainly provide you with any correspondence, but my personal observation from my five months here is that, in general, both journalists and photographers do understand the rules that members and senators expect of them in terms of the ability of members and senators to move around this building without being, if you like, accosted. That would apply to ministers as well. That has been my observation. With one or two minor exceptions, such as the recent election of the new Leader of the Opposition, where I know that the Serjeant-at-Arms had to assist with a bit of crowd control, essentially, outside the Liberal party room, my understanding is that the relationship has been positive on both sides. But we can come back to you on the detail.

Senator RONALDSON—Yes.

Senator FIERRAVANTI-WELLS—Also, Mr Thompson, how frequently are members and senators advised of their responsibilities in relation to the instigation of filming by them in corridors and places where they ought not to be? There is a two-way street here. I think that there are issues also associated with some members who may be encouraging the press to enter into areas that perhaps they ought not to. What sorts of procedures are in place to remind senators and members of their obligations?

Mr Thompson—We would normally work with the usher's office and the Serjeant-at-Arms's office to provide that advice. It would not be normal for DPS—we have the protective security service, and we are, if you like, the so-called 'landlords' for the press gallery, but the relationship of the members of the press to members and senators would normally be something that would be dealt with by the two chamber departments. We can provide our information, but, in the end, I think that—

Senator FIERRAVANTI-WELLS—Thank you, Mr Thompson. Mr President, I think it probably would be timely, every so often, for members and senators to be reminded of their obligations. They have rights, but they also have obligations.

Senator Hogg—Senator, I believe that we can have the attention of senators and members drawn to the guidelines that are on the website. If they are having difficulty downloading them, as some of them may well from time to time, we will provide them with a copy.

Senator FIERRAVANTI-WELLS—Thank you.

Senator FIFIELD—Mr Thompson, I draw your attention to the courtyard outside the Greens party room, which I think used to be known as the Democrats' courtyard. Senator Brown has said he is thinking of calling it 'Green Square' now, which is quite cute. Those courtyards do not have a name as such. Those names are ones which just find their way into common parlance. That is right, is it?

Mr Thompson—Yes. I do not think we have any names for any of the community gardens.

Senator FIFIELD—They are probably known by a number or something.

Mr Kenny—They are known by number.

Senator FIFIELD—Senator Brown also observed that he might look to putting in some eucalypts ‘before the Styx forest goes west’. I assume Senator Brown’s observation was tongue in cheek, but I just thought I would confirm that Senator Brown has not approached you for the capacity to plant some new trees in that courtyard.

Mr Thompson—I certainly have not heard anything to that effect. I will just check with John Nakkan, who has responsibility for our landscape services. No, John has not heard anything either. I must say that I would personally be very wary about choosing inappropriate eucalyptuses for those sorts of courtyards. We have all had experience of rampant eucalyptuses that grow 100 metres high right up against the building. Whatever plantings are in there have been well chosen for sitting near to buildings and to allowing light to get into all relevant windows.

Senator FIFIELD—I was sure that that was the case but I just thought that it was best to check that Senator Brown had not come to temptation with a trowel in one hand and some seedlings in another!

I genuinely hate to raise the issue of the beef stroganoff affair—something which took the time of the House of Representatives and clearly should not have occupied the House of Representatives—but I just want to check on one point. The Speaker, at the time that the matter was raised by Mr Murphy, said that he would make sure that the secretary of the Department of Parliamentary Services looks into the matters raised. My genuine hope is that that did not occur—that your time was not occupied with that matter—but if I could just check. Did that happen? Was your time occupied with that matter?

Mr Thompson—Thank you for the question. There are essentially two dimensions to the stroganoff issue. One was about the size of servings, and my personal investigation there extended to actually ordering the beef stroganoff two days later and checking out that the serving was adequate. So I did that. The more important issue—

Senator FIFIELD—You were not hungry afterwards? You were full!

Mr Thompson—I was full, yes! The more important issue on the day, from our viewpoint, was about relationships. There was a discussion in the queue in the staff dining room and we did investigate that. Our caterer, Fiona Wright, conducted that investigation. We have clarified what happened on the day there and I think that it was probably a lesson to everybody concerned, both from the viewpoint of Fiona’s staff as well as to the member for Lowe. They were the two things that we did. We certainly have not gone into the more worrying thing, which you might be worried about, of a weight of serve or anything like that.

Senator FIFIELD—I am not in the least bit worried about those matters. My concern was just that I hoped that your time had not been unduly occupied, as was the parliaments.

Mr Thompson—Only to the extent of ordering a beef stroganoff rather than a salad on the day—that is the only thing.

Senator FIFIELD—Thank you. Before you became secretary of DPS, former Senator Ray raised an allegation of damage to room MG3—the room that used to be known as the government members secretariat and I think is now the caucus training and support unit. The

allegation was that indoor cricket had been played in there and that thousands of dollars had to be spent cleaning the room and fixing damage—all of which was completely false. There was absolutely no truth to any of that. But I was wondering if you were aware of any apology being received from former Senator Ray about that matter by the Department of Parliament Services.

Senator Jacinta Collins interjecting—

Mr Thompson—I have not heard anything but I will check with David Kenny, who acted throughout that period.

Mr Kenny—I have heard nothing.

Senator FIFIELD—That is disappointing.

Senator RONALDSON—Just to take the interjection from the other side, there was clear evidence given that there was no damage done to that area at all. That is on the public record, so the senator should be very careful about her facts.

CHAIR—The senator is very careful about her facts.

Senator RONALDSON—The comments made by Senator Fifield are absolutely right. There is no evidence at all—

Senator JACINTA COLLINS—That is your view, Senator. You are entitled to your view and I am entitled to mine.

Senator RONALDSON—It is on the public record if you want to have a look.

Senator JACINTA COLLINS—I have assessed the evidence myself.

Senator RONALDSON—You clearly have not.

CHAIR—Are there any further questions?

Senator JACINTA COLLINS—This is about questions in estimates.

Senator FIFIELD—If it assists the committee, just on that matter the answer that came from the Department of Parliamentary Services was that maintenance services undertook painting of MG3 following the election. This was the first repaint since 2003. Maintenance staff observed that the walls were in good order and only required cleaning prior to painting. The cleaning contractors have confirmed that they were not told to ‘p off’ or to mind their own business when they were cleaning this area. I thought that may assist the committee.

Senator JACINTA COLLINS—I am not arguing what is on the record, Senator. I am just reporting the facts.

Senator FERGUSON—Mr Thompson, I understand that at that estimates hearing the then Senator Ray said that he had photographs to prove his point—the damage—a series of photographs. Was there any attempt by DPS to get a copy of those photographs or was there any check made to make sure that his statements could be verified, because there was exceedingly bad publicity generated from that for members of the coalition, which seems to be based on a false premise.

Mr Thompson—I recall this very issue being raised at the May estimates hearings. At that stage—and again I will have to get David to confirm the details—we took our brief to be, if

you like, to go and check and make sure that the room was in good shape, and our maintenance staff reported that. I do not think we have pursued the issue of the photographs any further. We were far more concerned about the fabric of the room and we were able to report back that the damage was nothing that we could discern. So we simply got on with doing the repainting job and left it at that.

Senator FERGUSON—Wouldn't it have been easier to perhaps seek to get copies of the photographs so that the allegations could either be substantiated or refuted?

Mr Kenny—I do not recall that we paid a great deal of attention to that, as Alan said—noting that this was all retrospective by May because we were not aware until the issues were raised. I think it was in the press.

Senator FERGUSON—It certainly was.

Mr Kenny—It was certainly here.

Senator FORSHAW—Were you asked by the President of the Senate at the time to check it out?

Senator FERGUSON—It was not a question for the President of the Senate.

Senator FORSHAW—Excuse me, Senator, I am not asking you.

Senator FERGUSON—What was the question to DPS?

CHAIR—I think we have got a question before Mr Kenny.

Senator FORSHAW—You were at the table at the time, Alan.

Mr Kenny—The department, as it normally did when suites change over—it is normal practice—did the clean-up and paint work that was due. When this was raised I recall sitting at the table being surprised because I had no recollection and John Nakkan had no recollection of there having been any issue raised with our staff at the time of the changeover. We then took a question on notice and reported back—and the committee is aware of what the answer to that was—and we did not do anything further.

Senator RONALDSON—There were various media reports in late May/early June about some damage in MG8. Do you keep detailed records of maintenance repairs or renovations to parliamentary offices?

Mr Thompson—Perhaps if we could ask John Nakkan to join us at the table. John looks after our infrastructure services.

Mr Nakkan—We do keep detailed records of all maintenance activities conducted in suite areas of the building.

Senator RONALDSON—Have you been required to conduct any maintenance, repairs or renovations apart from IT support to MG8 in this calendar year?

Mr Nakkan—MG8 being the Prime Minister's suite?

Senator RONALDSON—Yes.

Mr Nakkan—I will refer to my notes. We do routine maintenance in that area. No, there has been nothing outstanding, other than routine maintenance in the Prime Minister's suite.

Senator RONALDSON—Have you received any requests from the PMO in relation to maintenance to be carried out in that suite?

Mr Nakkan—Other than the general housekeeping maintenance, no.

Senator RONALDSON—What structural work has been done in MG8 this calendar year?

Mr Nakkan—I am not aware of any structural work being done.

Senator RONALDSON—So the only work that has been done in MG8 this calendar year is general maintenance?

Mr Nakkan—Yes.

Senator RONALDSON—What is the detail of the general maintenance?

Mr Nakkan—Inspections of the fabric and the fit-out of the suite. Inspections of carpet, paint, clear timbers and furniture to ensure they are wearing to plan. They are might be a routine air-conditioning service of the duct work or the controls for the air-conditioning in that area and perhaps an electoral inspection of the switchboard.

Senator RONALDSON—Have any walls being moved in MG8 that you are aware of?

Mr Nakkan—Not to my knowledge.

Senator RONALDSON—Would you take that on notice?

Mr Nakkan—I will take that on notice, but I would probably know about it if that had occurred.

Mr Thompson—I have walked around all of the special suites quite recently and I do not recall seeing any of that sort of work in any of the special suites in recent times. The most obvious changes to a number of those suites of course have been changes to the works of art on the walls, but other than that I do not recall any walls being removed or anything like that.

Mr Nakkan—I will take that on notice and confirm that.

Senator RONALDSON—In relation to all those matters that I have raised this morning?

Mr Nakkan—Yes.

Senator RONALDSON—Has there been any damage to assets in MG8 in this calendar year that you are aware of?

Mr Nakkan—No damage to my knowledge. Again, that type of knowledge would usually be reported to me.

Senator RONALDSON—Will you take that on notice as well?

Mr Nakkan—Yes, noting that I define assets as furniture and fit-out of the suite.

Senator RONALDSON—I would call assets vases and lights et cetera.

Mr Nakkan—If it is part of the art collection, we can provide that information. If it is departmental assets from PM&C then we would not have that information at all.

Senator RONALDSON—Can you itemise and date any new assets that have been added to MG8, including but not limited to scanners, fax machines, printers, digital cameras, laptops, photocopiers, televisions, DVDs, DVD recorders, computer software?

Mr Nakkan—No, I think most of those matters would be supplied by the Department of the Prime Minister & Cabinet.

Mr Kenny—A lot of those things would be provided by the Department of the Prime Minister & Cabinet.

Senator RONALDSON—What would be provided by yourselves?

Mr Nakkan—The infrastructure that those connect to: the ports, the power, and any parliamentary computing network connections.

Senator RONALDSON—None of the assets that I am referred to come from yourselves?

Mr Nakkan—I would say not.

Senator RONALDSON—Mr Thompson, have you or any of your senior departmental staff received any external media or other training this calendar year?

Mr Thompson—I would have to answer in a limited way simply because I only joined DPS in May. I have not personally and I do not recall any discussion of other people receiving media training.

Mr Kenny—I do not recall that we have done any. We have had quite a lot of training on issues such as project management and general communications, as in writing skills, for officers of the department but none that I would classify as being media training or media related.

Senator RONALDSON—Senate estimates training?

Mr Kenny—Not external, but we encourage new SES officers to go on Australian Public Service Commission courses, which are multifaceted and they sometimes include some advice on attendance at estimates committees—though I am pretty sure it has not happened this calendar year.

Senator RONALDSON—What is the nature of those courses?

Mr Kenny—It is a lot of years since I have been on a course such as that, but it is just general advice on attendance at committees.

Senator RONALDSON—Can you take on notice for me which departmental staff have sought that training?

Mr Kenny—I could tell you whether or not they have been to any training this calendar year.

Senator RONALDSON—Yes. In relation to the payment of House of Representatives chair salaries, who can I ask about that? That is presumably done within the department.

Mr Kenny—Chair salaries?

Senator RONALDSON—Yes. Does the department pay the chairs of committees?

Mr Kenny—No. That would be the Department of the House of Representatives.

Senator RONALDSON—Who represents them in these Senate estimates hearings?

Mr Kenny—No-one.

CHAIR—They are not represented. That is my advice, Senator Ronaldson.

Senator RONALDSON—They are a parliamentary department. Someone must have responsibility for answering some questions on their behalf.

Senator FERGUSON—There are no reps estimates.

Mr Thompson—My understanding is that that is simply left to the House of Representatives, and they have taken decisions about whether they wish to have a comparable process to this.

Senator RONALDSON—I appreciate that, but we ask a lot of questions about what happens in the reps—the other place, I suppose I should call it—in relation to a whole variety of matters. Am I to understand that there is no-one representing the House department during Senate estimates?

CHAIR—Senator Ronaldson, can I just advise that the advice to me is that, no, there is not, and we do not ask questions about House of Representatives issues. We never have. I think that has been answered by the witness.

Senator FERGUSON—I am somewhat surprised because I understood Senate estimates was to review all government expenditure. I am surprised that expenditure on the other side of this building is not part of government expenditure. I am not sure what it comes under, but we are charged with the responsibility of questioning all government expenditure.

Senator RONALDSON—Who pays Senate committee chairs, for example?

CHAIR—The Senate.

Senator RONALDSON—The Department of the Senate?

Senator FORSHAW—How long have you been in this place, Michael? If you have to ask a question on that today—you have been here for years and years in a couple of different guises—

Senator RONALDSON—I think you know exactly where I am going. You can jump up and down till the cows come home.

Senator FORSHAW—Why don't you know the answer to your own question? You have been here long enough to know the answer to that question.

Senator RONALDSON—Have you finished? The Department of the Senate pays the Senate committee chairs, but you are telling me, Chair, that there is no opportunity for us to ask questions about the processes of the Department of the House of Representatives—the equivalent department?

CHAIR—Senator Ronaldson, it has been a long tradition that we do not question that House. It was a tradition under the previous government for almost 12 years—

Senator FORSHAW—And before that.

CHAIR—and prior to that.

Senator RONALDSON—So this question has been raised before, has it, about asking questions of the—

Senator FORSHAW—No.

Senator RONALDSON—It has not? So how has it become a precedent then?

Senator FORSHAW—The precedent is—

Senator RONALDSON—A precedent you have just made up, I suspect.

Senator FORSHAW—It is the precedent you followed for 12 years.

Senator JACINTA COLLINS—Are you reflecting on the chair, Senator Ronaldson?

Senator RONALDSON—I think it is a real pity that we are not able to ask questions about whether the member for Robertson, who was going to pay her chair's salary to a charity, has done so. The Prime Minister made it quite clear that she will be making that donation to a local charity. I think it is extraordinary we cannot ask someone whether the formula that was effectively put in place by the Prime Minister has been adhered to and whether the member for Robertson has actually made that donation to the charity. I will not say anything further about it; you have made it clear. I think it is absolutely appalling that we do not have that opportunity, because it is government expenditure and I would have thought Senate estimates was about investigating government expenditure, to take up Senator Ferguson's point.

CHAIR—Senator Ronaldson, I appreciate your comments. I know it is the first day of estimates, but I will just refer to the guide to committee procedures in Practice, on page 86. It says, about members or officers of the House of Representatives as witnesses, that 'as a matter of comity between houses and perhaps as a matter of law, Senate committees do not inquire into the conduct of members of the House, seek to compel members of the House to give evidence about any matter or inquire into the proceedings in the House'. If you want to pursue this, in the interest of time management that was agreed to, perhaps you could put your questions on notice.

Senator RONALDSON—Madam Chair, thank you very much. My question was not about the conduct of a member of the other place; my question was as to whether there had been an allocation of a chair's salary to a charity. It was the payment, not the person, that my question was about. With the greatest respect, while I accept your comments in relation to the fact that we cannot reflect on or ask questions about someone in the other place, I find it extraordinary that we cannot ask about financial matters relating to the resources of the House of Representatives. But I accept what you are saying—

Senator FORSHAW—On a point of order, Chair: the question, as I apprehend it, that Senator Ronaldson is endeavouring to ask or that he is referring to would go to the payments that may be made out of the salary of a member of the House of Representatives or indeed a senator, such as: what deductions are made from the salary of that senator or member to be paid to various institutions? People have them paid to private health funds. They might have them paid to political parties. They may have deductions automatically going to a charity. That is the personal business of the member of the parliament. I have never, in my 14 years in this place, heard questions asked about where moneys from the salary of a member of parliament are directed to be paid and then may be paid by the relevant personnel department of the parliament. I think the question is totally out of order. I do not think it relates to

expenditure by government or the parliament at all; it relates to the personal arrangements of the member of parliament or any member of parliament as to what happens to their salary.

Senator RONALDSON—Madam Chair, on the point of order, I think that the senator is entirely wrong. I think he is making up precedent as he goes along, but we have a long day, so I am happy to move on.

Senator FORSHAW—Am I wrong? Are you asking to which part of charity the payment was made?

Senator RONALDSON—You are wrong about 99.9 per cent of the time.

Senator FORSHAW—You know that you cannot ask that question.

CHAIR—Are there any further general questions? If not, we will move on to output group 1, Parliamentary Library services. There are no questions. There are no questions on output 1.1 or output 1.2. We will move to output group 2.

[10.13 am]

Senator FERGUSON—I am loath to ask questions, but there are a couple of things that have happened in the last couple of weeks that cause me to ask a question, particularly in relation to security. Currently, how many parliamentary passes are held by people to give them access to Parliament House?

Mr Kenny—My recollection is that it is around 7,000, but we will—

Senator FERGUSON—The last figure that I can remember is around 7½ thousand. That figure is in the ballpark, isn't it?

Mr Kenny—We will confirm that. We will be able to get that for you in the next few minutes, but yes.

Senator FERGUSON—What access does that give them? In other words, what does the parliamentary pass actually activate, other than when they swipe their pass as they come into the building? Are there any other facilities that their pass will activate?

Mr Kenny—It will enable you to get into the Senate and the reps car parks.

Senator FERGUSON—Any one of those 7½ thousand will get them into there?

Mr Kenny—Generally, yes, unless we have implemented something on a particular one, but that is not the current practice. The current practice is that a photographic pass will get you into those car parks. Also, although this is more limited, it will activate the bollards.

Senator FERGUSON—That is what my question is really about, Mr Kenny. The other day, I was coming into Parliament House—which is the purpose of the question—when a taxi in front of me pulled in, lowered the bollards and went up to the front doors of Parliament House. I presume that could only have been activated by an occupant of Parliament House using their photographic pass to activate the bollards. If that is the case, what impact does that have on the security of Parliament House, when any one of those 7,500 can activate the bollards so that a vehicle can get up to the front door of Parliament House? I always understood that the bollards were designed to keep vehicles other than Comcars and maybe embassy vehicles from accessing that driveway.

Mr Kenny—That is correct, but there are two parts. The first is the occupant of the vehicle, and the second part is the nature of the vehicle. The intention of the bollards is to keep vehicles out of the slip roads that are not transporting someone with a parliamentary pass. Let us pick me. If I come to work in a taxi, or if I come in a vehicle or another privately owned vehicle, my pass will allow me to get up the slip roads because it is my pass that, I suppose, makes the vehicle an authorised vehicle.

Senator FERGUSON—But, you see, the point I am getting at is that when the bollards were first put in place we were told that our staff would have to go down the steps and meet a taxi downstairs by the bus stop. The taxi cannot go up there.

Mr Kenny—That is when leaving the building.

Senator FERGUSON—Yet, when they come into the place, the taxi can drive straight up the driveway, activate the bollards and come straight up the driveway to the front door, which seems rather incongruous to me.

Mr Thompson—It is a challenging issue for this building, because at the moment the passes are issued to individuals. So, if an individual is sitting in the back of a taxi and the taxi arrives at the bollards, that individual, who might be a senior member of the Australian Public Service or a member of the press gallery, can swipe their card and the bollards will go down. But it is not the taxi driver who has been issued with the pass; it is the—

Senator FERGUSON—No, I understand that, but I am concerned about how it compromises security. If there is a necessity to have bollards and there are 7½ thousand people that we know of who can activate those bollards and the purpose of the bollards is to make the place more secure, it would appear as though the security is severely compromised by the fact that there are 7½ thousand people who can access the bollards to get a vehicle up there. It would be quite easy for a parliamentary pass to go astray to somebody who might want to use it for means other than its correct use. In other words, if there were to be an incident or a terrorist incident, the fact that there are so many passes that can operate those bollards would seem to render them almost ineffective.

Mr Thompson—This is an issue that the security management board has been wrestling with quite recently. I would suggest that, if we are to pursue this, it might be more appropriate to pursue this out of session. I am very happy to have the discussion about what has been applying here for many years and as to whether we take any further steps. The initiative we have instituted quite recently is in relation to courier vans delivering various paperwork to the ministerial wing. They can no longer pass through the bollards. For all those delivery vehicles that now come to the ministerial wing entrance, the maximum size is a sedan or a station wagon. That is a very recent change of policy. But the broader policy about the access to both the Senate and the reps is something we are still wrestling with. There are various people with very divided views on this. One of the challenges is that there are logistical problems—for example, some pieces of gear that the press gallery need to bring into the building by way of cameras are large, and it is hard for them to bring them in through the car parks. There are issues like that which we are attempting to—

Senator FERGUSON—I only raise the issue because the bollards were put there for security purposes and, if the security is compromised—and, if 7½ thousand people have

access, I think it is a severe compromise—is it not feasible to have a pass that is issued to Comcar drivers and members of parliament that has a different accessibility level than staff members and all of the other people that have access? I would have thought that embassy staff, diplomats, who usually come to the front door, and members of parliament and Comcar drivers plus you guys are basically the ones that require access to get through those bollards. Even then, most people working in Parliament House do not require access through the bollards because they park underneath. I am just wondering whether or not it is something you should have a look at.

Mr Thompson—We are. At a technical level, you are right: it would be very simple to segregate it so that some passes can activate the bollards and some passes cannot. To be blunt, I do not think people like me or David actually need to activate them—I have never driven my vehicle up onto those ramps. The issues that we have begun to wrestle with include the fact that there has been a history of all those passes being able to use all the ramps and there has been a set of expectations there from those 7½ thousand people. And there are some pieces of gear that would actually be very hard to bring into the building except by driving right up to the entries on the Senate and Reps sides.

Senator FERGUSON—I was not concerned until I understood that there were 7½ thousand of them. If there were a far lower number, it would not be a problem but, amongst 7½ thousand people, there are careless people at times, and passes could easily be misplaced, stray or be given away, quite frankly, to someone else. That is a real concern.

Senator JACINTA COLLINS—Mr Thompson, are there no differential or hierarchical access arrangements at all in relation to a photographic pass? Once you have got a photographic pass, you have the same capacities as anyone?

Mr Kenny—Effectively, yes, noting that a pass gets you into the building at the security points rather than having to be signed in. Once you are in, you—

Senator JACINTA COLLINS—It gives you the capacity to sign other people in?

Mr Kenny—Not all pass holders have the capacity to sign other people in.

Senator JACINTA COLLINS—So that is one area of hierarchy.

Mr Kenny—That is one area.

Senator FORSHAW—How is that checked at the security area? Is there something on the pass that identifies whether the person can sign someone in?

Mr Kenny—Yes.

Senator FORSHAW—So it is immediately visible to the security officer?

Mr Kenny—That is correct.

Senator FORSHAW—Thank you. Sorry, Chair.

Mr Kenny—Once you are in the building, you have access to what we call the circulation areas. The building could be classified as having three types of zone. The first one is the public area, which is the marble foyer et cetera. The second one is the non-public circulation areas, which is all the corridors. The third part is the private areas, which is individual offices,

suites, the chambers and the library. So people who have got a pass do not have any access rights into those private areas—unless it is your office and you are allowed in.

Senator JACINTA COLLINS—But it is a key system, not a pass system, that operates that security.

Mr Kenny—Yes.

Senator JACINTA COLLINS—But you do at least differentiate between those pass holders who can sign other guests into parliament and those who cannot, so you could easily institute a system that allows some pass holders to be able to use bollards and some not to.

Mr Kenny—Yes.

Senator JACINTA COLLINS—I also wonder about the senators' car park. If I recall properly, when I had a car here my staff were able to use their pass to access the senators' car park.

Mr Kenny—Yes. That would be easily done—to make it more restrictive to certain areas.

Senator JACINTA

A COLLINS—Thank you.

Senator FORSHAW—Could I follow up with one question, which is probably more of a complaint. Early this year, the passes were changed and updated. Is that the case? For instance, I know that one of my staff turned up here after the long break and his pass had expired. There had been no communication and no indication that the pass had expired, and there was nothing on that pass which indicated an expiry date. I understand they now have expiry dates on them.

Mr Kenny—Yes.

Senator FORSHAW—Why weren't people advised that their passes would not be able to be used on the first day back in August?

Mr Kenny—It is a very good question—

Senator FORSHAW—It caused a lot of inconvenience and delay.

Mr Kenny—or a very good 'complaint', possibly, to use your phrase. The first part of the response is that we understand that we need to better manage that side of things by giving people more notice of when their passes expire and, presuming they wish to extend, making it very easy for them to do so.

Senator FORSHAW—I am assuming all passes will have dates on them from here on in, and that puts the onus back on the individual at least.

Mr Kenny—That is correct. I think we do want to try and make the process easier for people to get it renewed. Historically, the security people, if they notice someone's pass is coming up for expiry, will advise them as they come in. 'Your pass will expire in three weeks'—which I think is helpful. We do however have difficulty maintaining up-to-date contact lists for people. If someone does not come here for a period of time and their pass expires in the gap then we may not be able to advise them no matter how hard we try. But we do need to do better.

Senator FORSHAW—Thank you.

Senator FIERRAVANTI-WELLS—I had a recent similar experience in relation to my husband's pass. In relation to spouses of MPs and senators, I think it is quite easy. Perhaps you could look at that, following on from what Senator Forshaw has said.

Senator FIFIELD—Are the bollards working fine? I ask in memory of Senator Faulkner!

Mr Thompson—If you take the overall year, yes, they have been operating well, but we have had one or two bad moments—haven't we, David.

Mr Kenny—There have been few problems in the last couple of months, but they have been addressed by the maintenance people. The problems have been identified and they have been fixed.

Senator FORSHAW—Have there been any alterations to the Leader of the Opposition's office, particularly since the change in leadership.

Mr Nakkan—There was a major maintenance refurbishment done in that area. I will just get the details for you. The Leader of the Opposition's suite received a major fabric refurbishment. That would be painting, quite possibly carpet and, on this occasion, a kitchen refurbishment, which is probably on a 10-year maintenance cycle.

Senator FORSHAW—When was that done?

Mr Nakkan—That would have been down since the change of government.

Senator FORSHAW—Has there been any work done since the change of leadership in the Leader of the Opposition's office?

Mr Nakkan—No.

Senator FORSHAW—Thank you.

[10.29 pm]

CHAIR—As there are no further questions in output group 2, we will now move to output group 3. I have some questions in relation to the allocation of PDAs to senators and members. You will recall at the last estimates hearings that I asked about the cost associated with the replacement of items available to senators and members. Could you give me an update on the number of PDAs that have been returned, the number of senators and members who have opted to go back to a mobile and the costs be associated with that.

Mr Kenny—I think you will have to ask the Department of Finance and Deregulation that question. They are the people who administer the PDAs. Our people support them when they are operational. That is where our role lies.

Senator FIERRAVANTI-WELLS—On that point, can we have a detailed report on every complaint that has been lodged by any member or senator where your department has had to provide support? I do not need the detail; I just need the date and the nature of the complaint. I can tell you that, if the number of complaints are multiplied by 76 senators—which is the number that I have—your department would have been kept well and truly busy. You would have budgeted for a certain amount of money to support the PDAs, and so the other part of

my question is: how much have you had to exceed your budget as a consequence of the deficiencies of those PDAs?

Mr Kenny—On notice.

Senator FIERRAVANTI-WELLS—Yes.

Mr Kenny—When you say ‘every complaint’, what we will probably come up with is a list of incidents that have been reported. We will not be able to necessarily separate the complaints from other questions.

Senator FIERRAVANTI-WELLS—That is fine. In relation to the hardware items themselves, are they returned to you or to DOFA?

Mr Kenny—When they are handed back?

Senator FIERRAVANTI-WELLS—Yes.

Mr Kenny—That would be to DOFA. We might take them and pass them on, but I do not think we do.

Senator FIERRAVANTI-WELLS—Could you have a look at that, because I have heard of instances where they have overheated and had to be replaced and stuff like that.

Mr Thompson—We have looked briefly at all of this from our perspective. At the moment, I think four or five of these different devices have been available and some of them appear to behave more reliably than others. Right now, there is a serious look at whether to move into the BlackBerries range rather than some of the others.

Senator FIERRAVANTI-WELLS—Have you done a cost-benefit analysis on the PDA that we have been allocated, if they are to be replaced with BlackBerries? Have you done any work on that?

Mr Thompson—We have not led that; we have only contributed to that. We would be servicing them on behalf of the department of finance rather than being the lead agent.

Senator FIERRAVANTI-WELLS—Certainly. I appreciate that. Do you have a view on whether the service requirements for BlackBerries would be less, given that they are a more reliable device? Do you have a view on that?

Mr Kenny—We have recently provided preliminary advice to the Department of Finance and Deregulation about what would be involved with the conversion to BlackBerries. We did an assessment of BlackBerries a couple of years ago, and we thought the BlackBerries would be a perfectly acceptable device.

Senator FIERRAVANTI-WELLS—As does most of the world but clearly—

Mr Kenny—And, on that point, while we have not done a detailed analysis of reliability, our assessment is that the BlackBerries is now a well-proven product in wide use around parts of government.

Senator FIERRAVANTI-WELLS—As you know, I was with the pilot project from the beginning. My questions are directed towards cost efficiency rather than in any way reflecting on the service of your department. It has always provided excellent service in relation to

backing these devices up but there have been limitations placed on you because of their very nature. My comments are in no way reflecting on the support that you have given.

Mr Kenny—Thank you.

Senator RYAN—I hope this is the appropriate place to ask a follow-up question about the keys and the locks.

CHAIR—We have moved past that item, but you may ask a very quick question.

Senator RYAN—Very briefly, on the tenders website, I noticed a contract with API Security dating from 5 August for just over \$600,000. I assume that is the contract related to the provision of locks around Parliament House and a master key solution?

Mr Kenny—Yes.

Senator RYAN—Was the supplier paid before the delivery of the locks or were the terms of payment actually looked at, given the failure of the supplier to deliver the locks as promised?

Ms Hanley—The payment schedule for the locks project is basically a stage payment: as locks were delivered, a payment would be made; and, as locks were installed, a payment would be made.

Senator RYAN—Thank you.

Mr Kenny—While we are on locks I have some follow-up information from the discussion earlier, which I think the committee might be interested in. The committee I referred to is the security construction endorsed equipment committee—SCEEC—and it is chaired by ASIO. To qualify for the tender—that is, to be able to put in a bid—companies have to be SCEEC endorsed. Also, the locks are coming from Finland.

CHAIR—As there are no further questions on output 3 or output 4, I propose that the committee suspend for a short break.

Proceedings suspended from 10.36 am to 10.50 am

DEPARTMENT OF THE PRIME MINISTER AND CABINET PORTFOLIO**In Attendance**

Senator the Hon. John Faulkner, Special Minister of State

Senator the Hon. Penny Wong, Minister for Climate Change and Water

Office of the Official Secretary to the Governor-General

Mr Stephen Brady, Official Secretary to the Governor-General

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

Ms Sharon Prendergast, Director, Australian Honours and Awards Secretariat

Mr Stephen Murtagh, Director, Corporate Services

Department of the Prime Minister and Cabinet**Overview**

Mr David Tune, Associate Secretary, Domestic Policy

Mr Duncan Lewis, Deputy Secretary, National Security and International Policy

Mr Mike Mrdak, Deputy Secretary, Governance

Mr Ben Rimmer, Deputy Secretary, Strategic Policy and Implementation

Economic policy**Output Group 1**

Mr David Tune, Associate Secretary, Domestic Policy

Dr Gordon De Brower, Executive Coordinator, Economic

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

Mr Dominic English, Acting First Assistant Secretary, Economic Division

Social policy**Output Group 2**

Mr David Tune, Associate Secretary, Domestic Policy

Ms Serena Wilson, First Assistant Secretary, Social Policy Division

Ms Liza Carroll, First Assistant Secretary, Office of Work and Family

Ms Michelle Patterson, Assistant Secretary, Social Inclusion Unit

Ms Kym Peake

Outcome 3:

International policy advice**Output Group 3**

Mr Duncan Lewis, Deputy Secretary, National Security and International Policy

Mr Hugh Borrowman, First Assistant Secretary, International Division

Mr Frank Leverett, Assistant Secretary CERHOS

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

Dr Rob Floyd, Assistant Secretary, Office of National Security, Infrastructure, Resources
and Health Security

Strategic policy**Output Group 4**

Mr Ben Rimmer, Deputy Secretary, Strategic Policy and Implementation

Mr Mike Mrdak, Deputy Secretary, Governance

Support services for government operations**Output Group 5**

Mr Mike Mrdak, Deputy Secretary, Governance
Ms Barbara Belcher, First Assistant Secretary, Government Division
Ms Anne Hazell, First Assistant Secretary, Corporate Services Division
Dr Wendy Southern, First Assistant Secretary, Cabinet Division

Australian National Audit Office

Mr Ian Mcphee, Auditor- General
Mr Steve Chapman, Deputy Auditor-General
Mrs Dianne Rimington, Group Executive Director, Corporate Services Group
Mr Peter White, Group Executive Director, Performance Audit Services Group
Mr Matt Cahill, Group Executive Director, Performance Audit Services Group
Mr Warren Cochrane, Group Executive Director, Assurance Audit Services Group
Mr Michael Watson, Group Executive Director, Assurance Audit Services Group
Ms Anya Moore, Executive Director, Corporate Management Branch
Mr Brian Boyd, Executive Director, Performance Audit Services Group
Mr David Crossley, Executive Director, Performance Audit Services Group

Australian Public Service Commission

Ms Annwyn Godwin, Acting Deputy Public Service Commissioner
Ms Karin Fisher, Group Manager Corporate
Ms Karen Wilson, Group Manager Policy
Ms Jacqui Curtis, Group Manager Programs
Ms Nicole Pietrucha, Group Manager Evaluation
Ms Clare Page, Group Manager Better Practice
Mr Patrick Palmer, Group Manager, Regional Services
Mr David Mylan, Chief Finance Officer

Office of the Inspector-General of Intelligence and Security

Mr Ian Cernel, Inspector-General

Office of the Commonwealth Ombudsman

Professor John McMillan, Commonwealth Ombudsman
Mr Ronald Brent, Deputy Commonwealth Ombudsman
Dr Vivienne Thom, Deputy Commonwealth Ombudsman
Ms Jill Jepson, Senior Assistant Ombudsman, Corporate and Chief Finance Officer
Mr George Masri, Senior Assistant Ombudsman, Social Support and Indigenous

Old Parliament House

Ms Jenny Anderson, Director
Mr Andrew Harper, Deputy Director, Corporate and Heritage Branch
Ms Kate Cowie, Deputy Director, Exhibitions, Research and Programs Branch

Department of Climate Change**Executive**

Dr Martin Parkinson, Secretary
Mr Howard Bamsey, Deputy Secretary
Mr Blair Comley, Deputy Secretary

Response to climate change**Output Group 1**

Mr Barry Sterland, First Assistant Secretary, Emissions Trading Division

Ms Jan Adams, First Assistant Secretary, International Division

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

Ms Helen Grinbergs, Assistant Secretary, Coordination and Frameworks Branch

Mr Ian Carruthers, First Assistant Secretary, Adaptation and Land Management Division

Mr David Rossiter, First Assistant Secretary, Greenhouse and Energy Data Office Division

Mr Robert Twomey, Chief Financial Officer

Office of the Renewable Energy Regulator

Mr Amarjot Singh, Renewable Energy Regulator

Ms Charmaine Murfet, Director Finance and Budgets

Office of the Official Secretary to the Governor-General

CHAIR—I welcome everyone this morning and invite you to make any opening statements.

Mr Brady—I would like to commence by briefly stating that my colleagues and I welcome the opportunity to help the committee with its work. As you would be aware this is a time of transition for the Office of Governor-General. Quentin Bryce formally commenced duty as Australia's 25th Governor-General on 5 September and I commenced as official secretary on the same day. I do know some of you, senators, from my last posting as ambassador in the Hague and I am very much looking forward to establishing a professional working relationship with this committee during my stewardship of the Office of Official Secretary to the Governor-General.

Senator FIFIELD—Mr Brady, welcome. How have you settled in?

Mr Brady—Very well, Senator. I have been met by a very professional team of men and women at Government House.

Senator FIFIELD—Good to hear it. It certainly looks like you have hit the ground running. Mr Brady, as you mentioned, it is a period of transition for the Office of the Official Secretary. There is a new Governor-General and a new official secretary. I suppose there may well be other changes in staffing at Government House. I am just wondering if you could take us through the number of staff there are currently responsible to the Office of the Official Secretary.

Mr Brady—There are 96 staff.

Senator FIFIELD—Is there any change in establishment from before the changeover?

Mr Brady—If I may preface my answer to your question by reiterating what other estimates committees have been advised and that is: we are a very small agency and there are no promotional opportunities and very few career development opportunities, so the statistical turnover rate has averaged at about 23 per cent. To put that in its context, for example, in the last year of General Jeffery's as Governor-General, 26 staff departed. Since the changeover of Governors-General there has been some turnover. Two staff have received promotions and left Government House to go to other agencies; two staff have returned interstate for personal reasons; there has been one age retirement and, if I include Admiralty House in the scope of

your question, there has been one person who has returned to the Royal Australian Navy for personal reasons; and one staff member has returned to his home agency, the secondment having finished.

Senator FIFIELD—The 96 that are the establishment at Government House, does that include any staff at Admiralty House?

Mr Brady—They are included.

Senator FIFIELD—That figure of 96: is that the same basic establishment?

Mr Brady—That is the same figure.

Senator FIFIELD—So there has been no change there. Are there any staff who have transferred or transitioned from Government House, Queensland to Yarralumla?

Mr Brady—There has been one. The Governor-General brought with her a personal attendant. That position was unsuccessfully filled by Government House prior to the announcement of the Prime Minister that she would be Governor-General. So when Ms Bryce advised that a personal attendant from Government House in Brisbane was available, that filled the position that had already been established.

Senator FIFIELD—This question may reflect my ignorance, and if it does you will tell me. Is there a list of staff at Government House and their roles that is publicly available? Is that something that is furnished in the usual course of events? I do not know if it is something that is usually furnished or not.

Mr Hallett—Probably the best place to go is our annual report, where a number of the requirements ask us to specify levels of staffing and in some cases remuneration. We do not have a publicly available list on our website.

Senator FIFIELD—There is not a contact sheet.

Mr Hallett—No. Just to give you a very quick heads-up, approximately half the staff are employed in the Honours and Awards Secretariat, which has been at Government House since its inception in 1975—and there are reasons for that secretariat being based there—and the other half, if you like, fulfil a range of specialist functions. They are gardeners; household staff, which are a very small number; and executive support staff, who provide advice to the Governor-General.

Senator FIFIELD—I have a question in a similar vein, on the range of functions which are held at Yarralumla. I assume some are of a private nature and are not publicly available and others are of an official nature—

Mr Hallett—I think the best way to answer that question is to say that most of the functions are official functions. The previous Governor-General had, and the current Governor-General has, very little time for personal entertaining. In fact, in the history of our Governors-General, over many decades the job has become increasingly more demanding. It is very fair to say that nearly all the entertaining that Governor-General Jeffery did was of an official nature, connected with his role, and it has been the same with Ms Bryce.

Senator FIFIELD—That does not surprise me at all. Again, just to fill in a gap in my own knowledge, we see those official functions in some newspapers under vice-regal notices. Is there a place on your website place where people can go to see the range of activities?

Mr Hallett—In the early days of the 20th century, the best form of communication was to post the vice-regal notices in the newspapers. What we have found, certainly in recent years, is that newspapers have been more and more reluctant to publish those notices. Concurrently, we have found that the number of hits on our website has been increasing. It is now averaging 700,000 hits a month, and when Ms Bryce arrived it nearly hit a million hits. So what we now do is place the Governor-General's program on our website every day so that any interested Australian can find out details of the Governor-General's program.

Senator FIFIELD—Mr Brady, I guess every Governor-General construes the role in a slightly different way, or has a slightly different take on the way that they can best contribute to the role—that might be a better way to put it. That varies with each incumbent. I am wondering what the process is in the official secretary's office for determining which activities might be useful and appropriate for the Governor-General to participate in. I will cite one instance—and I hesitate to do so but it may give the committee some guidance as to how the office determines what is appropriate. I reference the Governor-General's launch of the Garnaut climate change review, which I think is being presented as a book which is available for people to buy. It is an input into government's thinking on this issue but also something which is of general interest to the community. I am not passing a view as to whether that is appropriate or inappropriate, but that example might give you the opportunity to take us through what the thinking of the office is, because you, like members of this committee, are obviously keen to ensure that there is no controversy attached to the office. I am not suggesting there is, but this may provide an opportunity for you just to take us through the thinking of the office.

Mr Brady—Thank you. At the moment we are only into week 6 of her governor-generalship, but the way we are working is to have a meeting with the Governor-General each fortnight where we go through the invitations that she has received. A couple of members of the senior executive in the office sit in with the Governor-General. We go through each of those invitations and we each come to a view that we put to the Governor-General. After some discussion she decides whether to accept or decline the invitation.

As to the specific of launching the Garnaut book, Professor Garnaut came to see her at Admiralty House a couple of weeks ago and in the course of that meeting asked her if she would be amenable to launching the book. The book, we realised with a bit of research, was in fact being published by Cambridge University Press—a very serious academic publishing company that had also published Sir Nicholas Stern's report. The Governor-General accepted that invitation. We realised that it would be very important that she in no way stray into the political debate that attached to the recommendations in the Garnaut report. The speech that she made in Melbourne last week in launching the book entirely revolved around the community nature of Professor Garnaut's consultations. As the Governor-General said, having just come back from the Murray Darling trip, this was one of the important conversations that the Australian public would be having.

I can just reassure you that the Governor-General said quite recently that she would honour the bipartisan aspect of her role. We are very cognisant of that as we go through the invitations that she receives.

Senator FIFIELD—Thank you, Mr Brady. I think that was helpful for the committee to be aware of the process that takes place within the office.

Senator ABETZ—I was wondering, the change of governor-generalship undoubtedly requires new letterhead, doesn't it?

Mr Brady—Yes.

Senator ABETZ—Does it also require any new clothing for the Governor-General?

Mr Brady—As this predates my appointment, I might ask Mr Murtagh.

Mr Murtagh—My position is Director, Corporate Services, Office of the Official Secretary to the Governor-General. Certainly there was new letterhead and associated stationery prepared for the Governor-General.

Senator ABETZ—I was assuming that and I am now moving on to whether it also requires any new clothing.

Mr Murtagh—It has not required any new clothing.

Senator ABETZ—And no new clothing has been ordered or will be ordered?

Mr Murtagh—No new clothing has been ordered.

Senator ABETZ—Thank you for that.

Senator FIERRAVANTI-WELLS—I will just raise a couple of issues. There has been quite some press since Her Excellency's appointment—not all of it has been very flattering I must say. I raise this as a general comment. Some of the comments in the various articles—and I am sure I do not need to point you to them—have made references to her time as the Governor in Queensland and some of the, perhaps, issues and complaints and those sorts of things that have been raised in Queensland. Are you addressing those or have you publicly rebutted those? What has been the reaction to some of that commentary? Some of it actually had some very negative assertions made about her time when she was in Queensland. That was obviously in relation to logistical type issues. There is also of course the commentary that has been made about her frequency to delve into more political matters. What sort of concrete action are you taking to address those in the press and otherwise?

Mr Brady—In relation to assertions, I can do nothing. In relation to the management of the office of the Governor-General, the office of the official secretary, I will be ensuring that the office is as transparent and as effective as possible. The issues that you raise from her time as Governor of Queensland, you will appreciate, do not impact on me in that they predate my appointment.

Senator FIERRAVANTI-WELLS—I appreciate that. What I was going to is that, since her appointment and she was named, various assertions have been made in newspapers. My question goes to whether the office is taking any formal action to respond to those assertions, allegations or other matters that were raised in the press in such a public manner, some of which are quite negative. That was the basis of my question.

Mr Brady—No, the office is not.

Senator RYAN—Mr Brady, you mentioned—or Mr Hallett did—that the best place to look for staff lists or contacts might be the annual report. I understand that has not been released yet for 2007-08.

Mr Hallett—That is correct. We expect to table the current annual report by the deadline at the end of this month. It is currently at the printer.

CHAIR—Are there any further general questions? If not, we will move to output group 1. As there are no questions, we will move to output group 1.2. As there are no further questions, we thank you very much for appearing before us.

[11.12 am]

Department of the Prime Minister and Cabinet

CHAIR—Good morning and welcome, Minister. Do you have an opening statement?

Senator Faulkner—Yes. I would like to make a brief opening statement for the committee. I hope this will be able to assist the committee in its consideration of a number of the matters that it has before it. The first thing I wanted to do was comment on the responsiveness of the government to the Senate. At the budget estimates hearings in May, the Department of the Prime Minister and Cabinet appeared for three days and took 280 questions on notice. I am pleased to advise the committee that all answers to questions on notice were tabled with the committee by the due date of 11 July 2008. This compares with 102 questions taken on notice at the additional estimates in February this year. Answers to those questions were also tabled by the due date.

That we were able to respond to such a large number of questions on notice by the due date—almost 400 questions after just two estimates rounds—I think is a demonstration of the government's commitment to transparency. I take this opportunity to thank departmental officers for their work and assistance in ensuring that those questions were answered on time. Obviously answers to questions on notice is one of those important commitments to accountability.

At the May budget hearings of the committee, senators asked me about the status of the Prime Minister's charter letters to cabinet ministers. I advised the committee at the time that the Prime Minister had earlier this year adopted a program of detailed meetings with each cabinet minister which worked through portfolio commitments, priorities and directions. These meetings provided the basis for each minister's accountability for their portfolio's delivery of the government's agenda.

The government has continued to review the implementation of its priorities and, as you would expect in the light of changing circumstances, its key reform directions. The Prime Minister has publicly set out the key reform directions for the government around five key themes: a stronger Australia with a successful economy, which can best handle the unprecedented global financial crisis; a more secure Australia; a fairer Australia based on equality of opportunity and acting on disadvantage; an Australia capable of meeting future challenges such as climate change; and also a new way of governing. The Prime Minister, in September, provided each cabinet minister with a detailed letter of his expectations of

ensuring that election commitments and priorities were delivered. It also outlined the government's reform agenda and set out how achievements of each portfolio's responsibility will be monitored and reported to the cabinet. So I hope, Chair, as a brief opening statement that is of some assistance to the committee.

CHAIR—Thank you.

Senator ABETZ—Minister, thank you for that opening statement.

CHAIR—Sorry, Senator Abetz, Mr Mrdak has some opening comments.

Mr Mrdak—I would just like to update the committee before we begin on the status of the department's restructure and update the committee on changes to senior staffing arrangements that have occurred since the May hearings. In my opening statement to the committee in May I foreshadowed a number of structural changes that would take effect from 1 July this year. I would like to report to the committee that the new organisational structure for the department has now been put in place.

We now have four groups, each managed by an associate or deputy secretary in the department. The Domestic Policy Group takes in the Economic Division, the Industry, Infrastructure and Environment Division, the Office of Work and Family, the Social Policy Division and the Social Inclusion Unit. It is led by our Associate Secretary, David Tune. The National Security and International Policy Group, under the leadership of Mr Duncan Lewis, remains unchanged but it now includes a new International Strategy Unit. The Strategic Policy and Implementation Group led by Deputy Secretary, Mr Ben Rimmer, comprises the newly created Strategy and Delivery Division and the Cabinet Implementation Unit. The Governance Group, which I lead, takes in the Government Division, the Cabinet Division, the new Ministerial Support Unit and the Corporate Services Division.

We have now implemented the structure the secretary announced in May and filled the key senior positions. As part of this restructure two new divisions have been operating since 1 July in the department: the Strategy and Delivery Division and the Ministerial Support Unit. The Ministerial Support Unit links together existing ministerial support functions in the portfolio including briefings coordination, correspondence and the Official Establishments Unit. These functions were previously scattered across other divisions of the department. The implementation of this restructure now puts in place the changes recommended in the audit undertaken of the department earlier this year by Mr Ron McLeod.

I am pleased to advise the committee that the department tabled its annual report last week, in line with best practice, ahead of the commencement of these Senate hearings. Additionally, on 13 October this year, the department met its tabling requirements in relation to the new Senate order on grants and appointments and vacancies.

Senator ABETZ—Thank you, Minister, for your opening statement. You sought to take credit for the number of answers that had been provided to this committee to questions on notice.

Senator Faulkner—I do not know about taking credit, Senator, I just wanted to outline what the situation was, which is how I would put it.

Senator ABETZ—If I can get the first sentence out without interruption, Chair, we might be able to get on quite well at this Senate estimates. In relation to the whole lot of so-called answers, can I just indicate that smudging black ink on paper next to the word ‘answer’ does not actually mean that an answer has been provided. Allow me if I may, Chair, to go through some questions.

First of all, I refer you to the answer given to question PM8, a question by Senator Fielding. In the answer we were told:

The manner in which successive governments have managed their priorities, including whether charter letters or other approaches are used, has changed from time to time.

I was just wondering if you could tell us which governments in recent history have not used charter letters, other than the Rudd government.

Senator Faulkner—We will just get a copy of the answer first of all.

Senator ABETZ—It is the first sentence of the last paragraph of the answer. Chances are the officers will not know the detail of that. If that could be taken on notice and we could go back to the Fraser government, the Hawke and Keating era and the Howard era, that would be most instructive for the committee.

Senator Faulkner—I think I would refer you back, Senator Abetz, to at least some evidence I gave in the previous estimates round, including my answers to questions with Senator Fielding, who asked about the issue of charter letters. I was able to draw on my own experience as a minister in the Keating government and the approach that was taken with charter letters at that time. I suspect that that is what that paragraph in the answer to question on notice PM8 might at least in part refer to.

Senator ABETZ—Thank you for that. If it could be taken on notice and the committee could be provided with details as to what the exact arrangements were with the Fraser government, the Hawke government, the Keating government and the Howard government, that would be most instructive. I assume officers do not have that with them at the moment.

Senator Faulkner—I am not sure that the Department of the Prime Minister and Cabinet would necessarily have that information available, but what I am happy to do is certainly to ask them to check for you. Any information that we do have available and can assist you with, obviously, we will provide.

Senator ABETZ—Thank you.

Senator Faulkner—But the nature of your question goes back to the charter letters and I cannot say to you whether charter letters were sent when Mr Fraser was—

Senator ABETZ—That is why I asked you to take it on notice.

Senator Faulkner—Indeed. I am just making the point to you: I cannot say to you whether or not charter letters were provided when Mr Fraser was sworn in as Prime Minister in 1975. Within the normal bounds—I am sure you would not want to have a massive make-work response to such a matter—we will certainly try and assist you where we can on this.

Senator ABETZ—Thank you. Chair, I was wondering whether it would be helpful if the minister could try to truncate his answers as much as possible. If we are going to have these

very longwinded answers to issues that are agreed to be taken on notice I think it would be helpful for everybody.

CHAIR—Senator Abetz, can I just say from the outset, as I did during the last estimates, I cannot direct the minister on how to answer the questions. But we are all cognisant of the time constraints.

Senator Faulkner—And of course I will try and assist the committee wherever I can.

CHAIR—Thank you, Minister.

Senator ABETZ—In question PM23, it was asked of the government and the minister the actual time spent in the Prime Minister's office discussing the charter letter with each minister. We were given an answer that, if I might say, was less than responsive. We were told, 'An indication of the dates scheduled for each meeting is as follows,' but then 'some meetings were rescheduled'. We are not told what date those meetings were then held and we are not told which meetings were rescheduled; nor are we told the actual time spent by the Prime Minister with each individual minister. Those are all matters that were specifically asked for and specifically not answered. So I repeat my request that this information be provided to the committee on notice.

Just to make it perfectly clear what I am seeking: in PM24 I asked how long each one of those meetings was. I asked you to take that on notice. I also asked who was present at each meeting. 'I will ask the Prime Minister if he cares to provide any further information,' was Senator Faulkner's response. Of course, the answer is: 'Please refer to question on notice PM23,' which, as I have just outlined, is completely non-responsive to the questions that I asked. I know that the minister made an opening statement about how good they were in responding to questions, but quite clearly on the face of it they have been non-responsive. So I am asking you, Minister, and the department to have another go and actually be responsive in detail to all the questions that were raised in PM23 and PM24. Will you do that for me, please?

Senator Faulkner—Obviously question PM23 and question PM24 are related questions, as you appreciate. You have in fact, in answer to PM23, a list of portfolio ministers. The answer does outline the broad approach that was taken here. It indicates that the length of these meetings varied considerably.

Senator ABETZ—That is very helpful when you are not told the times! One minute or one hour?

Senator Faulkner—I am not sure that the information is necessarily available.

Senator ABETZ—But minutes were taken. That is what we were told last time.

Senator Faulkner—I do not know whether the information that you are seeking is available.

Senator ABETZ—If it is not, it can we even be told?

Senator Faulkner—The answer to the primary question in PM23 I think makes that clear. It says that the meetings were generally scheduled to take between 1½ and two hours but the length varied considerably. So quite a deal of research and effort has gone into providing the

answer which you have had provided to you. But I am happy to check again for you if there is any more information that has been provided.

Senator ABETZ—If you are, a simple yes—

Senator Faulkner—I am happy to check again, but I can assure you that considerable effort went into preparing the answer that you do have and the information that has been provided to you.

Senator ABETZ—If this represents considerable effort, I would hate to see a lazy effort.

Senator Faulkner—I do not think that is fair. The range of individual—

Senator ABETZ—The meetings were generally scheduled but we were then told that many meetings were rescheduled. If minutes were taken of these meetings, surely we must know in rough terms how long the meetings went for. We do not need to know it down to the exact minutes and seconds, but I would have thought that, out of courtesy to this committee, we could have been told that the Prime Minister met with, let us say, Ms Roxon for 1½ hours on 23 January or for one minute with the Minister for Veteran's Affairs on another date. I think we are entitled to have that information. If it is not available, that is fine, but then tell us—because what it will do is completely expose the lack of robustness and integrity of these so-called charter letter meetings. But thank you for taking that on notice.

Senator Faulkner—Just so you are clear, Senator, and so that there can be no misunderstanding, the contents of the records, or minutes if you like, of these meetings—it is not like a local Labor Party or Liberal Party branch—go to—

Senator ABETZ—I think there is a very big difference between the two. One fabricates its minutes; the others have authentic minutes.

Senator Faulkner—There may well be but I am trying to make what I think is a substantive point here that it goes to content of matters discussed. I suspect the answer to your question is that the precise times were matters of not-high priority. The dates have been provided to you, Senator. The key issue—

Senator ABETZ—No they have not.

Senator Faulkner—You can see the—

Senator ABETZ—They were the scheduled dates. We were then told some were rescheduled and we do not have the rescheduled dates.

Senator Faulkner—The dates as outlined in the answer have been provided to you, Senator. I think you will find and I think I will find, if I request further, that the records of the meeting are substantive records of content as opposed to starting and finishing times of meetings.

Senator ABETZ—I would find that passing strange if you had the staff of PM&C sitting in on those meetings and a record was not made of the starting time and the finishing time. But let's wait and see what the answers would be—

Senator Faulkner—As far as I am aware—and I want to be clear about this—neither the Prime Minister's office nor the Department of the Prime Minister and Cabinet record the start

and finishing time of meetings. I suspect that that is the reason for the answer being provided to you in the way that it has been.

Senator ABETZ—Well, can I take you to PM25 then. I specifically ask: ‘Can you tell us the length of each meeting as well?’ Senator Faulkner: ‘No I cannot.’ Senator Abetz: ‘On notice.’ Senator Faulkner: ‘I do not know if that information is available but I will ask the Prime Minister if he cares’—what breathtaking arrogance!—‘to provide any further information.’ Yet again we are referred to answer PM23. If the information was not available, the answer should have said that that information is not available rather than trying to fob me off to answer PM23, which, I think we have already made the case out, is completely non-responsive.

Senator Faulkner—In answer to the issue you have raised, I think what I said to you stands. But let us be very clear about this. It is my understanding that neither the Prime Minister’s office nor the Department of the Prime Minister and Cabinet records the starting time and concluding time of such meetings. Records include, obviously, content. I think you are going to find this is fairly standard operating procedure, with respect. And that is the difficulty in the nature of the questions that you ask. It is not an unwillingness to provide you with the information; it is just that the information is not recorded and not available. So I cannot accept the suggestion that it is anything other than the information not being recorded and not being available. That is the reason that the answers—

Senator ABETZ—You are making excuses before you even know if you need to make excuses. Let us find out whether there has been a time recorded and then we can have this discussion.

Senator Faulkner—That is not right, Senator. I will say it again. I have been advised that the Prime Minister’s office and the Department of the Prime Minister and Cabinet do not record that information.

Senator ABETZ—When were you advised that?

Senator Faulkner—When have I been advised?

Senator ABETZ—When were you advised that?

Senator Faulkner—Well, I was just advised by Mr Mrdak a few moment’s ago.

Senator ABETZ—Can I ask you then, Minister, if that is the well known and accepted advice and information in PM&C, why was I not told that in relation to the questions that I asked? Why was it so difficult to say, ‘The length of the meeting was not recorded.’ What would have been so difficult if that was so clear and well known to officers.

Mr Mrdak—Perhaps I could clarify that issue. It was only on examination of the records taken by the department of those meetings that I was able to ascertain that they did not record start and finish times on those records.

Senator ABETZ—Do you mean to say that you provided these answers without bothering to check the actual records of the meetings?

Mr Mrdak—No, sorry, what I am saying is that I provided the advice to the minister on this answer after reviewing the records of those meetings.

Senator ABETZ—When did you review the records of those meetings—before or after these written answers?

Mr Mrdak—Before providing these written answers.

Senator ABETZ—If you knew about that before the written answers were provided, why didn't you actually tell us the truth that there were no times kept in relation to any of these meetings rather than providing this obfuscation?

Senator Faulkner—Senator, with respect, the answer that you have been provided with is the truth. The answers outline what occurred over January and February of this year and the meeting schedules. It would be most unfair to suggest that the answer is not truthful.

Senator ABETZ—I did not say that; I said obfuscating.

Senator Faulkner—You actually, I thought, used the word 'truth'. Obviously, where it is appropriate in direct answer to a question, of course information should be provided. If the information is not available, it cannot be provided.

Senator ABETZ—All right. What is the definition of 'their length varied considerably' in relation to the length of these meetings? Did some only take five minutes? Did some take five hours? How do we know that their length varied considerably if we did not take a note of the time?

Senator Faulkner—Senator, the answer to the question is an attempt to provide you with as much information as is available. In other words, the meetings were not of a standard duration; they were not all precisely, if you like, an hour long. That is the information that has been provided to you.

Senator ABETZ—How long was the shortest meeting? How long was the longest meeting?

Senator Faulkner—I do not know, and, as you are aware, it is a question that I will not be able to provide an answer to.

Senator ABETZ—You might not be; what about the department?

Mr Mrdak—Certainly I think that what we provided there is, as I say, what we have on the record. I am happy to look at whether we can add anything further to that answer for you, but I do not think we can.

Senator ABETZ—Can I move on to the charter letters. In PM13, I asked:

Either these letters exist or they do not ...

You, Senator Faulkner, said, 'If I can provide you with any further information, I will.' And I am referred to answer PM8, which of course makes no mention of whether those letters actually existed or did not exist. Can I have an answer to the question as to whether charter letters actually came into being or not?

Senator Faulkner—I addressed this in my opening statement to the committee, but the answer that you have been provided with in PM8 says:

At the conclusion of these meetings, draft charter letters summarising each portfolio's priorities were prepared. Given the Prime Minister's decision that the distribution of charter letters was not necessary the draft letters were not finalised.

I think that indicates to you the status. So I suppose, in answer to the question you have just asked me, the answer is: yes, there were draft charter letters. They were not finalised and they were not sent.

Senator ABETZ—All right. On what date did the Prime Minister change his view in relation to charter letters?

Senator Faulkner—I am not sure that the Prime Minister did change his view in relation to charter letters.

Senator ABETZ—Please, Senator Faulkner. We had evidence from Senator Carr and many other ministers indicating at the first round of estimates that the charter letters were just about to be made available and ready, discussions had been held and it was just a matter of time before they would be signed and then in fact made public for openness and transparency. Now you are saying that the Prime Minister never changed his mind in relation to that? If he never changed his mind, what on earth was in his mind to think of drafting draft letters? We have already agreed that the Prime Minister had draft charter letters prepared. Now you are saying he had those draft charter letters prepared in an environment where he never anticipated sending them out. That is passing strange.

Senator Faulkner—As I am sure you are aware because of your own experience as a minister in government, the charter letters are drafted departmentally.

Senator ABETZ—Of their own volition?

Senator Faulkner—My understanding is—but I will check with Mr Mrdak—that that would be considered fairly routine for a department. But let me not provide that evidence to you; let us check with Mr Mrdak about the actual PM&C processes so we are clear about the drafting. I am advised that they were prepared by the department.

Senator ABETZ—But they were prepared by the department at the conclusion of each of the meetings, summarising each portfolio's priorities, and each portfolio's priorities were determined, one would assume, by the discussion between the Prime Minister and his minister.

Senator Faulkner—Yes, it is correct that the charter letters were drafted at that stage.

Senator ABETZ—Without the Prime Minister's imprimatur or a request from the Prime Minister's office that that be done? It was just an experiment, was it?

Senator Faulkner—No, I do not know that it was an experiment.

Senator ABETZ—No, because ministers were expecting them, like Senator Carr.

Senator Faulkner—I have described it—and I think it is a fair description—as routine departmental business. I think these are not unique circumstances in relation to this particular government.

Senator ABETZ—We are clearly not getting anywhere with openness and transparency, are we? Let us try another one: PM29.

Senator Faulkner—Senator, that is not accurate. Your questions are being answered and answered properly and thoroughly.

Senator ABETZ—They are not. I asked: ‘Has the Prime Minister held a press conference after every cabinet meeting?’ The answer was:

A media event has been conducted after each Cabinet meeting.

What is the difference between a ‘press conference’ and a ‘media event’? I ask you to take a question on notice in relation to PM52, a question asked by my colleague Senator Ronaldson, where he was provided with an answer of a whole list of cabinet meetings. It said ‘cabinet has met on the following days’, and I think we were given about 1½ dozen dates in relation to cabinet meetings. Can you tell me, in relation to each one of those cabinet meetings, when a prime ministerial press conference was held—keeping in mind, of course, that this was an election promise. I understand that you will not have that information to hand straightaway, but, when I asked, ‘Has the Prime Minister held a press conference after every cabinet meeting?’ we were then told a ‘media event’, which undoubtedly could be as much as a media release. Let us have the definition of what is meant by a ‘media event’ in relation to PM29 and what is understood by the Prime Minister’s office by a ‘press conference’, and then let us know, in relation to all the dates outlined in PM52, whether a press conference was actually held.

Senator Faulkner—Senator, you are right to say that I do not have that information to hand. That is one that I will need to take on notice.

Senator ABETZ—All-right. I do note on PM138 that we were given an answer:

The Government has reiterated its commitment to promoting a pro-disclosure culture across government.

In PM146 my colleague Senator Ronaldson asked:

When is the FOI Commissioner going to be appointed?

It was a fairly direct, specific question. The answer was:

The appointment of a Freedom of Information Commissioner will be a matter for Government consideration.

Minister, do you actually believe that that answer is indicative of the government’s ‘pro-disclosure culture’ and its commitment to promoting this pro-disclosure culture?

Senator Faulkner—The government will be honouring its commitment in relation to that particular matter. It is a matter that is being seriously progressed within government. It is true to say that the appointment of an FOI commissioner will be a matter for government consideration. I personally consider it a high priority and a matter that is being progressed.

Senator ABETZ—So when a senator asks when we might get an appointment, we are not told about any difficulties associated with it or why there might be these delays; we are just fobbed off in a very arrogant style that the appointment ‘will be a matter for Government consideration’—no time limit, no timetable, no explanation for the delays. That is part and parcel of this government’s commitment to promoting a pro-disclosure culture.

Senator Faulkner—It is not right to say, first of all, that there are delays. I have outlined the approach that the government has taken in relation to its wide-ranging reforms of the Freedom of Information Act, including the fact that as a first stage the government will be introducing a bill to abolish conclusive certificates. I think that is well known and well understood. I am actively pursuing a second stage of reforms, which includes the establishment of an FOI commissioner. With all the best will in the world, I do not think that any minister or any government could give you a precise date on when such an extensive reform agenda would be concluded. But I think it is fair to say that it is a high priority for the government.

Senator ABETZ—This is just all spin.

Senator Faulkner—It is not spin; it is true.

Senator RONALDSON—It is just spin.

Senator ABETZ—What about an answer like, ‘Within the first term of government’, for example, or ‘If re-elected, within the first two terms’ or a ‘Proposition we hope to pursue over the first 10 years of the Rudd government’?

Senator Faulkner—I cannot be precise about dates.

Senator ABETZ—Just to say that is under consideration is nothing short of arrogant and it is non-disclosure par excellence.

Senator RONALDSON—It is just spin.

Senator Faulkner—It is not at all arrogant, nor is it spin. Let me be clear in my answer to your question: it remains a high priority for the first term of a Rudd government. Now, I cannot be—

Senator ABETZ—See, it is not that difficult to give an answer, is it?

Senator Faulkner—I have said this publicly on any number of occasions.

Senator ABETZ—Why couldn’t you do it in the written answers, then, if it is that easy? It is like drawing teeth.

Senator Faulkner—It is not like drawing teeth, Senator. The written answer, I think, to the question is perfectly reasonable in the circumstances. You know that no minister can be pinned down to a precise date on these matters. It is a high priority, and it is a high priority—

Senator ABETZ—Within the first term?

Senator Faulkner—for our first term, yes.

Senator RONALDSON—It is just the 24-hour media spin. Toss it in and you worry about the details afterwards.

CHAIR—Are there any further questions of a general nature?

Senator RONALDSON—Yes. Minister or Mr Mrdak, can I read a quote from the *Australian* on 26 August titled ‘Diplomat with family ties gets \$225,000 job’. This is an article by Dennis Shanahan, who writes:

A CAREER diplomat with close links to Kevin Rudd and his two prime ministerial predecessors has been given the job of steering Australia’s first female governor-general through the vice-regal world.

Stephen Brady, a former ambassador to The Netherlands and Sweden and the current head of Foreign Affairs' protocol division, will replace long-serving vice-regal official secretary Malcolm Hazell.

Mr Brady is a long-time friend of Mr Rudd from the Prime Minister's days as a diplomat and his partner, Peter Stephens—

and this is the point of the quote—

is personal adviser to Mr Rudd's wife, Therese Rein.

Natasha Bitu in the *Weekend Australian* of 30 August again referred to Peter Stephens as the personal adviser to Kevin Rudd's wife, Therese Rein. The federal parliamentary Labor Party contact directories, which I have a copy of, refer to Mr Stephens as being on Mr Rudd's personal staff. Is that correct?

Senator Faulkner—Who is that?

Senator RONALDSON—Peter Stephens. Do you want me to read the quote again?

Senator Faulkner—Yes, he is a member of Mr Rudd's staff.

Senator RONALDSON—And under the MOP(S) Act?

Senator Faulkner—Yes. Mr Stephens is an adviser to the Prime Minister and the Prime Minister's office.

Senator RONALDSON—He is an adviser to Ms Rein, isn't he?

Senator Faulkner—He is an adviser to the Prime Minister and the Prime Minister's office. He is employed under the MOP(S) Act.

Senator RONALDSON—So Mr Shanahan is wrong, is he?

Senator Faulkner—I do not know what Mr Shanahan actually said. I am sorry, but I am saying—

Senator RONALDSON—What is the point of my asking questions if you are not even listening? I said that it was reported, and I gave you the preamble. According to Mr Shanahan and later to Natasha Bitu in the *Weekend Australian*, he is the personal adviser to Mr Rudd's wife, Therese Rein. Can I confirm that Mr Stephens previously worked in a government department? Was it PM&C, Mr Mrdak?

Mr Mrdak—I would have to check. I am not aware of that. I will take that on notice and come back to you, Senator, if I can.

Senator RONALDSON—Is it yes?

Senator Faulkner—We do not have that information, but we will see if we can find out for you.

Senator RONALDSON—Mr Mrdak has got the information.

Mr Mrdak—I have just had some clarification. I am advised that he was previously employed in the Department of the Senate.

Senator RONALDSON—Was that a SES level—senior executive service level?

Senator Faulkner—I am not sure that we would necessarily know that. Someone may know but, obviously, it is difficult for PM&C to be providing answers in relation to the Department of the Senate. We do not know.

Mr Mrdak—I will take that on notice, if I can, and find out.

Senator RONALDSON—The person who just gave the information does not have that information?

Mr Mrdak—No.

Senator RONALDSON—I presume, therefore, that you are not aware of his pay grade in the Senate?

Mr Mrdak—No.

Senator RONALDSON—And you are not aware of his role in the Senate?

Mr Mrdak—No.

Senator RONALDSON—Mr Mrdak, does Mr Stephens accompany Ms Rein on interstate or international travel?

Mr Mrdak—As the minister has outlined, Mr Stephens is an adviser to the Prime Minister and does on occasion accompany the Prime Minister when he travels. Yes, I am aware of that.

Senator RONALDSON—Does he accompany Ms Rein when she is travelling independently?

Mr Mrdak—Not that I am aware of. But I am happy to seek further information in that regard.

Senator RONALDSON—Do you think that is something you need to take on notice? You do not have personal knowledge of whether someone is travelling with the Prime Minister's wife?

Mr Mrdak—I have no knowledge of that. I am happy to take that on notice.

Senator RONALDSON—Can you get back to me after lunch in relation to that matter, please.

Mr Mrdak—I will endeavour to.

Senator RONALDSON—Presumably, Mr Stephens receives TA—travel entitlement—when he is travelling with Ms Rein or the Prime Minister or both?

Mr Mrdak—Mr Stephens as an adviser in the Prime Minister's office is eligible for all of the allowances that are payable to MOP staff.

Senator RONALDSON—Can you provide a full and complete breakdown of the travel related expenses of Mr Stephens?

Mr Mrdak—We do not hold such information. That is a matter for the Department of Finance and Deregulation.

Senator Faulkner—It is held by ministerial and parliamentary services, as I am sure you are aware, Senator.

Senator RONALDSON—I will get it from them tomorrow. If they are listening, they can take that on notice for me. When Mr Stevens is not accompanying Ms Rein as her personal adviser, is he normally located in the Prime Minister's office?

Senator Faulkner—The Prime Minister has a range of roles in the Prime Minister's office, yes, Senator.

Senator RONALDSON—So that is where he is normally if he is not travelling with Ms Rein or with the Prime Minister? Minister, who does Mr Stevens actually answer to?

Senator Faulkner—The Prime Minister, Senator.

Senator RONALDSON—Does he answer to the Chief of Staff or does he answer to Ms Rein and has she got the authority to hire or fire him?

Senator Faulkner—As I am sure you are aware, under the MOPS Act obviously for any adviser in the Prime Minister's office the Prime Minister is the direct employer. But as you also would be aware, a lot of offices, including ministerial offices and prime ministerial offices, are hierarchical in their nature and of course the Prime Minister has a chief of staff, as do ministers and leaders of the opposition and the like. Inevitably there is that sort of relationship between more senior staff in any office. But the direct employer is the Prime Minister.

Senator RONALDSON—Okay. That is good and I think you have probably answered that question. Minister, just so that we are absolutely sure of this, you are telling this Senate estimates committee that Mr Stevens is only ever located within the Prime Minister's office when he is not travelling with Ms Rein or Mr Rudd. He is not located anywhere else at any time except in the Prime Minister's office or when he is travelling. Is that right?

Senator Faulkner—What I can help you with is roles, and I am very happy to help you with the information that I have—

Senator RONALDSON—I have the role here. It is in this leaked Labor Party contact directory. It says administrative officer. I want to know whether he is permanently located in the Prime Minister's office when he is not travelling with Ms Rein or whether he is located elsewhere and on which occasions.

Senator Faulkner—As far as we are aware, he is located in the Prime Minister's office.

Senator RONALDSON—I will be very interested to hear the secretary's response to that, because it has been taken on notice. You have got a senior journalist in Mr Shanahan who quite clearly states that Mr Peter Stevens is a personal adviser to Mr Rudd's wife, Ms Therese Rein. It quite clearly states that. Again in the *Weekend Australian* on the weekend of 30 August: Mr Peter Stevens is personal adviser to Kevin Rudd's wife, Therese Rein. Minister, what I am putting to you is that not only is Mr Stevens employed so-called in the Prime Minister's office and working as an administrative assistant in the Prime Minister's office but he is actually working for Ms Rein, as Mr Shanahan said, as her personal adviser. The question I therefore ask you is: is it not bad enough that at the last Senate estimates we had evidence that the Prime Minister has got his own butler, who I think was affectionately called Jeeves, and now we are hearing today that Mr Peter Stevens is effectively being paid by the taxpayers of this country to be Ms Rein's personal adviser?

Senator Faulkner—Senator, I suppose you may care to try and beat up this issue but let me be very, very clear on what the response is to your question. Mr Stephens is an adviser to the Prime Minister in the Prime Minister's office. If he is not travelling he works in the Prime Minister's office. He has a range of roles, Senator, in the Prime Minister's—

Senator RONALDSON—You know him personally, do you?

Senator Faulkner—I have met him. I could not say that I—

Senator RONALDSON—How do you know what his roles are then?

Senator Faulkner—Because, Senator, when I saw—

Senator RONALDSON—Have you seen him travelling with Ms Rein? Is this where you have knowledge of his roles?

Senator Faulkner—I saw an article—not in the newspaper you referred to but in another one—so I asked. I thought to myself that this is a likely story that Senator Ronaldson will probably try to beat up at Senate estimates so I thought that I would try and find out.

Senator RONALDSON—Did you ring Mr Shanahan when you suddenly stumbled across this and say, 'Dennis, you have mucked this up, mate. He is not a personal adviser at all'? Did you ring Natasha Bitá and say, 'Sorry, Natasha, you have made a dreadful mistake with this. He is not a personal adviser'?

Senator Faulkner—No, Senator, I did not ring any journalist, which will not come as a surprise to you, none of the named journalists at all. What I have done is try and satisfy for myself what the situation is and if I can try and deal with it in a sensible way so that you can put the eggbeater back in the car.

Senator RONALDSON—If you think a paid, funded adviser for the Prime Minister on top of his butler is an eggbeater—

CHAIR—Senator Ronaldson, let the minister complete his answer.

Senator Faulkner—What you are saying is not true, Senator. Mr Stephens is an adviser in the Prime Minister's office and he has a range of roles. I will make this very clear, Chair. What I am going to say I do not accept as a precedent because normally we do not go into the level of detail in relation to MOPS staff as I am about to. But because of the article that I read in the newspaper, I checked this out and thought that Senator Ronaldson might possibly ask me about it. Mr Stephens's role as adviser to the Prime Minister in the Prime Minister's office is this: Mr Stephens coordinates the Prime Minister's involvement in head of state, head of government and other ceremonial activity; he coordinates the Prime Minister's involvement in the National Australia Day Committee, Australia Day activities and things like that; he coordinates arrangements for official functions at the Lodge, Kirribilli House and Parliament House and he coordinates the management of patronage requests to the Prime Minister's office. This involves—

Senator RONALDSON—Why didn't you answer this earlier on?

Senator Faulkner—Because, Senator, I could not get a word in edgeways because you were too busy yelling and screaming about the latest conspiracy theory. Let me be very clear to the committee, Chair, that those requests involve both the Prime Minister and the Prime

Minister's wife, Ms Rein. Mr Stephens also—I want to be very clear about this so that Senator Ronaldson is aware—coordinates arrangements for Ms Rein's official engagements and that would go to programming and planning and liaison with relevant agencies and the like. And he also has a substantive task in relation to an administrative role in the Prime Minister's office, which I am going to describe as 'paper flow'.

There is a very detailed explanation of this because this matter appeared in the media. It would not normally be provided. It is my view that we do not want any misunderstanding in relation to this. I certainly do not want any unfair and inaccurate accusations made about Mr Stephens, who is an adviser to the Prime Minister and the Prime Minister's office, and that is why I have provided such a detailed response on this issue.

Senator RONALDSON—Can I make another suggestion, perhaps, as to Mr Stephen's job description and role. It may well be that his proper job description is 'Chief Operating Officer for Rudd and Rein Inc', from the evidence that you are giving us.

Senator Faulkner—That is an offensive effort to try and now make a mountain out of what turns out to be, as you have heard in the proper evidence, a miniscule molehill. You would be better off in this saying that you got it wrong. Perhaps you should acknowledge that and then let us just move quickly on to the next issue.

Senator RONALDSON—You may well want to get off of this, Minister, but if I have it wrong then Dennis Shanahan has got it wrong. Are you reflecting on Mr Shanahan—

Senator Faulkner—Even Dennis would know that from time to time he makes the odd mistake.

Senator RONALDSON—Do you think that he would make a mistake—

Senator Faulkner—I have not seen—

Senator RONALDSON—about something like that?

Senator Faulkner—I do not what is—

Senator RONALDSON—You have not seen the article? You said before that you had seen it.

Senator Faulkner—I said that I saw an article in the *Daily Telegraph*, Senator.

Senator RONALDSON—Oh, it was in there as well?

Senator Faulkner—It was, yes.

Senator FORSHAW—Point of order, Madam Chair. I think that the Senator should have at least some regard for the *Hansard* reporters who are trying to record this. Constantly interjecting when the minister is giving an answer is unruly and disorderly. I am having trouble hearing Senator Faulkner's answers because he gets about two or three words out and then he is suddenly interrupted again by Senator Ronaldson.

CHAIR—Yes. Minister, you have the call.

Senator Faulkner—To answer your questions, Senator, about the articles, Steve Lewis—

Senator RONALDSON—Steve Lewis as well!

Senator FORSHAW—Here he goes again.

Senator Faulkner—Wait a minute. I am just telling you what I have seen. Steve Lewis had syndicated articles throughout the Murdoch press and I have certainly seen them, and it certainly raises, I suspect, a not unrelated issue in relation to Mr Stephens. So I have seen that.

Senator RONALDSON—So we have Mr Lewis, who has said the same thing—that Mr Stephens is the personal adviser. We have Mr Shanahan, who says that he is the personal adviser to Ms Rein. We have Natasha Bitu, who says that he is the personal adviser to Ms Rein. So all of these senior journalists have got it wrong, have they? Is that what you are telling the committee?

Senator Faulkner—No, Senator, that is what you are telling the committee. What I am telling the committee is that I have outlined it in very extensive detail. I have been on this committee a very long time and I have not ever heard a minister at the table outline in such extensive detail what the role of a ministerial adviser is. I have outlined it to the committee in detail so there can be no misunderstanding, deliberate or otherwise, of Mr Stephen's role as an adviser to the Prime Minister and the PMO. I have done that understanding that there has been media commentary on this issue and with an expectation that it might just be raised by you or one of your colleagues. I wanted to make sure that all of the facts, on this occasion, are on the table and understood.

Senator RONALDSON—Yes or no: are Mr Shanahan, Mr Lewis, and Natasha Bitu wrong or right?

Senator Faulkner—I am not commenting on the articles. I know the issues—

Senator RONALDSON—Do you want to go through it again.

Senator Faulkner—No. I know what is—

Senator RONALDSON—Peter Stephens is personal adviser to Mr Rudd's wife, Therese Rein—

Senator Faulkner—That is wrong.

Senator RONALDSON—Is Dennis Shanahan right or wrong?

Senator Faulkner—He is wrong.

Senator RONALDSON—Steve Lewis, when he has said the same thing, according to you—and thank you for alerting me to another media report about this matter confirming it—I take it is wrong as well, is he?

Senator Faulkner—It is wrong to describe Mr Stephens as anything other than an adviser to the Prime Minister in the Prime Minister's office. That is a fact. I have gone through with you, in extensive detail, what Mr Stephens's role is. I have also been very clear and transparent that, in two areas of his responsibility, he does, amongst his responsibilities, coordinate arrangements for Ms Rein's official engagements and manage what I have described as patronage requests—there may be a better way of explaining it than that terminology, but you know what I mean—that come for both the Prime Minister and Ms Rein in the office. Then he has a range of other responsibilities as well. It is a very frank and very transparent explanation. It also, I might say, is an absolutely appropriate and proper function

for an adviser in the Prime Minister's office to undertake. The reason this has been done is that you say you cannot make a mountain out of a molehill on this. There is no story, however much you care to shout about it. The facts now are on the table for anyone who is interested to be able to consider.

Senator RONALDSON—The facts on the table are that three senior journalists in this gallery are wrong. According to you, they are wrong. They are the facts that are on the table.

Senator Faulkner—Look, Senator, what I am talking about—

Senator RONALDSON—Why are you so afraid of actually saying, 'Yes, they are wrong'?

Senator Faulkner—I have already said that I believe that the journalists are wrong in what they have said in relation to the description of Mr Stephens's role—so I will say it again. But it is not enough, I think, to say that.

Senator RONALDSON—Do you believe they are wrong or do you know they are wrong?

Senator Faulkner—What I think is useful for people, whether they be journalists or senators or members of the public, is not just some bland statement about whether somebody is right or wrong but to explain the situation to the committee in detail so everyone can have an understanding of what the situation is. I have done that. I have outlined the roles that Mr Stephens has undertaken in the Prime Minister's office in this circumstance.

Senator RONALDSON—So do you believe they are wrong or do you know they are wrong?

Senator Faulkner—What?

Senator RONALDSON—You said you 'believed' they are wrong. Do you know they are wrong or do you just believe, from your knowledge, that they are wrong?

Senator FAULKNER—I heard you quote what Mr Shanahan has said, and I have said what I know the situation to be. I am not casting aspersions on journalists or senators or anyone else. What I am trying to make clear—absolutely crystal clear—is what this gentleman does as a staff member, as an adviser to the Prime Minister, in the Prime Minister's office. It is not a matter of going round saying who is wrong and who is right. It is a matter of having as much information as possible out there so any other journalist or person who cares to comment on it can do so fully apprised of the facts and what the situation is. But I am not going to spend my time arguing that journalists are right or wrong. Most politicians from time to time have views that not always does the fourth estate report matters in a way that suits them—

Senator RONALDSON—Methinks you protesteth too much, quite frankly. Madam Chair, I will move on to another—

Senator Faulkner—Good.

Senator RONALDSON—I could always come back to it, I suppose.

Senator Faulkner—Fine. Feel free.

Senator RONALDSON—We might find some more newspaper articles on the way—

Senator Faulkner—And you will get the same sort of complete answer that you have got this time.

CHAIR—Senator Ronaldson, if you have any questions other than statements.

Senator RONALDSON—I am finding it very, very hard to ask my question.

Senator FORSHAW—If you stopped talking to yourself, you might actually get a question out.

CHAIR—I have to say I am finding it very hard to actually follow who is asking what. Senator Ronaldson you have the call.

Senator RONALDSON—We have got the merry magpie down the other end of the table there. I want to now turn to the ministerial staff code. Minister, has any Labor government staff member contravened or been investigated for contravening the code?

Senator Faulkner—Yes.

Senator RONALDSON—What was the nature of that contravention or investigated contravention?

Senator Faulkner—There are two areas that I can inform you about. The first you are absolutely well aware of, and I will describe as matters surrounding the CMAX issue. I know you are aware that the Auditor-General is investigating those matters. Then there is a second issue in relation to another ministerial staffer. You would also be aware of this matter because your colleague Senator Cash asked me a question about it in Senate question time a couple of days ago.

Senator RONALDSON—Indeed.

Senator Faulkner—In broad measure, they are the two areas.

Senator RONALDSON—In relation to the CMAX affair, I presume there are two staff members who have been involved in that investigation—one from the Minister for Defence's office and one from the Prime Minister's office. Is that right?

Senator Faulkner—That matter, as you know, is currently being investigated by the Auditor-General, who is exercising his powers under his act. I do not know the number of ministerial staff that he is investigating. I want to be very careful about this. You would not want me to trample into his inquiry. I am being very careful about it, but it is true that at least in the public arena issues have been raised in relation to a staffer in the Minister for Defence's office and a staffer in the Prime Minister's office.

Senator RONALDSON—Leaving aside the matters that the Auditor-General is looking at, do I take it that the three people who have been brought before the staffing committee—

Senator Faulkner—I am sorry?

Senator RONALDSON—I presume that Ms Annie O'Rourke and Mr Christian Taubenschlag have been before the committee?

Senator Faulkner—That matter is being investigated by the Auditor-General, but I would point out to you that your questions predicate matters relating to the code of conduct for ministerial staff. I think it is proper that I say to you that those CMAX matters that predate the

code of conduct for ministerial staff, which was effective on 1 July. I am not suggesting for one moment that the principles contained in the code are not relevant, but, just in the interests of being precise, you would recall that you said you wanted to ask questions about the ministerial code, and I think it is proper that I am very accurate about that with you—

Senator RONALDSON—I will get to Ms McKew's office shortly, where there is a direct relationship. Can I take you back to the CMAX matters. Since the election of the Rudd government, is it only those two staff members that I have referred to who have been investigated by the Government Staffing Committee?

Senator Faulkner—You mean is it only those two broad matters?

Senator RONALDSON—No, those two individuals—or have there been others over and above Ms O'Rourke and Mr Taubenschlag who have been before the Government Staffing Committee?

Senator FAULKNER—I have indicated to you that the issue in relation to Ms Forrester and Ms McKew's office is also a matter that the committee has dealt with. I am sorry, I thought I had said that to you earlier.

Senator RONALDSON—Can you tell the committee, in relation to before the suspension of the government staffing committee in relation to Ms O'Rourke and Mr Taubenschlag, how many times the committee had met and whether they had been interviewed by the government staffing committee prior to the suspension as a result of the Auditor-General's investigation?

Senator Faulkner—I cannot say to you how many times the committee has met. Do you mean on that issue?

Senator RONALDSON—Yes.

Senator Faulkner—Because it meets on a whole range of issues.

Senator RONALDSON—Has there been any investigation at all or any interviews with Ms O'Rourke or Mr Taubenschlag by the government staffing committee, and were there any prior to the Auditor-General's investigation?

Senator Faulkner—As far as I am aware, no; the committee did not handle the matter in that way.

Senator RONALDSON—What do you mean 'in that way'?

Senator Faulkner—The government staffing committee asked the Secretary of the Department of the Prime Minister and Cabinet to nominate a suitable person to examine staff conduct relating to the CMAX contract matter and provide a report to the committee.

Senator RONALDSON—Did that person that you are referring to interview Ms O'Rourke or Mr Taubenschlag?

Senator Faulkner—I believe so, yes.

Senator RONALDSON—I will double check with Mr Mrdak.

Senator Faulkner—Before you do, if I can just respectfully suggest to you: I am sure that these matters are germane to what the Auditor-General is investigating. I am obviously going to be, in these circumstances—

Senator RONALDSON—They are very germane.

Senator Faulkner—I would hope that you would also acknowledge that as the minister at the table I should be very careful in the way that I respond to them. I do not know if you are aware—I assume you are—that the government staffing committee in fact did not handle this directly.

Senator RONALDSON—Minister, can I just put on the table, to put my questioning in some context, a letter from the Auditor-General to me dated 20 August. I assume that he has written to you in similar terms:

The Audit will have regard to the outcomes of the review being undertaken by the Government Staffing Committee in respect of the engagement process.

Senator Faulkner—Yes, Senator.

Senator RONALDSON—On what basis was the government staffing committee inquiry suspended when the Auditor said that the audit ‘will have regard to the outcomes of the review being undertaken by the government staffing committee in respect of the engagement process’?

Senator Faulkner—I do not know that I can provide any more information on this than I already have in the Senate. I was asked a number of questions in the Senate about this, as you know. My view and the committee’s view is that it was absolutely proper to suspend the inquiry of the government staffing committee so there could be no allegation or suggestion of involvement or interference—

Senator RONALDSON—But, Minister, the Auditor-General wanted your involvement. He said that they would be basing the outcomes of their investigation on the government staffing committee reviews. I am absolutely at a loss as to why, when the Auditor-General has said that part of what their outcomes of their investigation will be will be in the back of the government’s staffing committee. You then suspend the inquiry of the government staffing committee—and I am going to take you back to some dates and things shortly because I suspect not much had been done. Minister, this almost smacks of a bit of convenience—to suspend this—because nothing I suspect had been done.

Senator Faulkner—That is not right, Senator.

Senator RONALDSON—Well, I need you at the end to explain to me why, if the Auditor-General has said—and I will not read the letter out again—that their inquiry will take into account the outcomes of a government staffing committee, how could you possibly suspend the activities of the government staffing committee without the deliberate intention of denying access to the Auditor-General of matters that he was going to use in determining his position in relation to this matter. I am just completely at a loss as to why you would do it.

Senator Faulkner—Nothing has been denied. No access has been denied to the Auditor-General on any information at all.

Senator RONALDSON—I did not ask you that question. I would assume that is right.

Senator Faulkner—You said that in the contribution you have just made. I can assure you that in accordance with the commitment I gave in the parliament—and I did not give it lightly—I have and the committee has fully cooperated with the Auditor-General. I took the

view, and I believe it is right, that, if the committee in the circumstances that it found itself in had finalised that matter in advance of the Auditor-General reporting, the government would have been very roundly criticised, given the Auditor-General had determined to conduct an audit on that report.

Senator RONALDSON—But the Auditor-General was asking you for an outcome. The Auditor-General himself said that he wanted an outcome from the government staffing committee. So on what basis do you unilaterally make that decision?

Senator Faulkner—Because the government staffing committee has taken the view that any outcome it reaches should be informed by the Auditor-General's report.

Senator RONALDSON—Minister, you received this letter from the Auditor-General. You were invited to have an outcome to assist the Auditor-General in this audit. Did you suspend this on receipt of the Auditor-General's letter?

Senator Faulkner—Could you repeat that.

Senator RONALDSON—Did you suspend the activities of the government staffing committee inquiry on receipt of the Auditor-General's letter?

Senator Faulkner—Yes. I will just double-check that. I will just check the timing for you.

Senator FIFIELD—Contrary to the wishes of the Auditor-General. This does not look good.

Senator RONALDSON—No.

Senator Faulkner—Senator, it looks very appropriate in the circumstances. It is absolutely the right thing to do. But let me just check the timing for you. Having checked, the answer I gave you was right.

Proceedings suspended from 12.29 pm to 1.32 pm

Senator RONALDSON—Minister, with the benefit of some time over lunch, I will again ask you the question. You indicated that you did not suspend the Government Staffing Committee investigation until after you had received the letter from the Auditor-General. I will again read you the quote:

The auditor will have regard to the outcomes of the review being undertaken by the government staffing committee in respect of the engagement process.

I again ask you: why would you suspend that committee upon receipt of a letter from the Auditor-General indicating that he would have regard to the outcomes of that review?

Senator Faulkner—I can assure you that the time I have had over lunch has not changed any view. I am not sure that I can add a lot to what I have said in this forum and in others. But the fact of the matter is that the Government Staffing Committee took a strong view that it would not be appropriate for the committee to continue its deliberations and finalise that matter because of the pending performance audit from the Auditor-General. Of course, as we know, the Auditor-General has statutory functions and obligations to fulfil. The Government Staffing Committee took the view that it should await any findings from that audit process so the committee could consider them. I have also made the point—but let me just stress it again

for your benefit and the benefit of the committee—that obviously we have fully cooperated with the Auditor-General, as I indicated publicly we would.

Senator RONALDSON—But, Minister, you have not provided that level of support to the Auditor-General, because one of the fundamental matters in his investigation was the completion, the outcome, of the review being undertaken by the government staffing committee. It beggars belief—and I do not think anyone around this table would accept—that there is any justification whatsoever for suspending an inquiry on receipt of a letter from the Auditor-General where the Auditor-General made it quite clear that he would be relying on the outcome of that staffing committee review. I do not think it is unreasonable for a view to be formed that there is unreasonable interference in the independence of the Auditor-General by adopting that attitude. You had not even thought about suspending it before the receipt of the Auditor-General's letter. It was done at the same time. This is tantamount to interference in the independence of the Auditor-General.

Senator Faulkner—With respect, Senator, that is absolute nonsense. The committee has been absolutely respectful of the Auditor-General and the Auditor-General's processes here. The government staffing committee and, for that matter, I have extended total cooperation, complete cooperation, to the ANAO in relation to the performance of their audit functions. To say anything else is absolutely inaccurate.

Senator RONALDSON—But why wouldn't it be open to the general community to believe that this is actually political interference in the independent work of the Auditor-General, because you have not provided this committee with any good reason for the suspension of the government staffing committee when you have been advised by the Auditor-General that he is expecting the outcomes of its inquiry to assist him in his inquiry?

Senator Faulkner—The position is as I have outlined it. The government staffing committee are and I personally am cooperating fully with the Auditor-General. The government believes that this is the appropriate and absolutely proper way of dealing with this particular matter. We do not want to leave ourselves open to any criticism, obviously, of a suggestion of interference in the ongoing processes the Auditor-General is conducting. The Auditor-General has received total and full cooperation from the government staffing committee and will continue to do so. The government staffing committee does not want to pre-empt the audit. The Auditor-General will report, and of course the government staffing committee then can conclude its consideration, because it has only suspended its work; it has not abandoned it in any way, shape or form.

Senator RONALDSON—Are you still meeting?

Senator Faulkner—What do you mean?

Senator RONALDSON—You say it has suspended and it has not completed its work; when do you envisage that the government—

Senator Faulkner—Well, it has not been abandoned. If the suggestion is being made by you that the matter is being swept under the carpet, that is not right. It will come back and conclude these matters but do so fully informed and benefited by the report of the Auditor-General.

Senator RONALDSON—So the government staffing committee will be reviewing the Auditor-General's inquiry in relation to this matter and the government staffing committee will be making the decisions, will it?

Senator Faulkner—No.

Senator RONALDSON—Why else would you be meeting after the release of the Auditor-General's report?

Senator Faulkner—Because the Auditor-General is conducting a thorough audit of this matter and the government staffing committee believes that that will be beneficial in terms of any final outcome. Of course it will take very close account of the report. I have said this before on any number of occasions. It might sound to some like a statement of the obvious but I do not treat it as such. I am being absolutely straightforward in regard to this. The suspended matter—I have said this before a number of times—has not been abandoned; it is suspended. And when it resumes it will do so fully informed by an audit report from the Auditor-General. I would have thought that that was beneficial. I think most reasonable people will see the good sense of that.

Senator RONALDSON—I disagree.

Senator FIERRAVANTI-WELLS—Can I follow up on a question, Minister, that was answered—well, to which some sort of answer was given—which I asked on notice. The answer was that, as at 11 July, which was the date set for responses to this committee—because I asked a question on providing details of the process, nature and outcome of the investigation of the government staffing committee referred to by you on 27 May—the government staffing committee had not concluded its consideration of this matter. My question was very specific and it asked for the process, the nature and the outcome. I appreciate that you are now focusing on the outcome. My question also focused on the process and the nature of what had been the deliberations of the government staffing committee. That is the question. The answer says, 'has not concluded its consideration'. Well, I would like to understand what it actually has considered. That is what I do not understand, and that is really the gist of what Senator Ronaldson was asking. What has this committee done?

Senator Faulkner—I think I answered this question before the luncheon break. I outlined what the committee had done. Senator Ronaldson asked me and I answered. I am happy to answer it again, if you would like.

Senator RONALDSON—Let us go through it. Were Annie O'Rourke or Christian Taubenschlag interviewed by the government staffing committee?

Senator Faulkner—I told you before the break that the government staffing committee asked the Secretary of the Department of the Prime Minister and Cabinet to nominate a suitable person to examine staff conduct relate to the CMAX contract matter and provide a report to the committee.

Senator FIERRAVANTI-WELLS—Has it been done?

Senator Faulkner—That was not done directly by the committee.

Senator FIERRAVANTI-WELLS—Well, do we know if it has been done? I appreciate you are sort of beating around the bush. Has it or has it not been done? It is a pretty simple answer.

Senator Faulkner—It has not been done by the committee. The committee asked—

Senator FIERRAVANTI-WELLS—Is the committee is aware of whether it has been done?

Senator Faulkner—Yes, Senator. I am just about to—

Senator FIERRAVANTI-WELLS—Well, is the committee aware of when it was done?

Senator Faulkner—Yes, Senator.

Senator FIERRAVANTI-WELLS—Is the committee aware of the number of meetings that have occurred, or is the committee aware of any record of such meetings?

Senator Faulkner—As I have indicated that, as to the specific issue that you raised, those matters were not dealt with by the committee directly. The Secretary of the Department of the Prime Minister and Cabinet made a nomination of a suitable person to conduct those inquiries, and that person conducted those inquiries.

Senator RONALDSON—Who was that, Minister?

Senator Faulkner—That was Mr Peter Hamburger, who I am sure you would know of.

Senator FIERRAVANTI-WELLS—All right. So has the committee put in place a framework for Mr Hamburger's handling of this matter?

Senator Faulkner—Yes, it did.

Senator FIERRAVANTI-WELLS—All right. What are the terms of that framework?

Senator Faulkner—I do not have them before me but I will just check.

Senator FIERRAVANTI-WELLS—While you are checking, do the terms of that framework contains specific time requirements for Mr Hamburger to conduct whatever investigation he is conducting and a timeframe within which Mr Hamburger must report to the committee?

Senator Faulkner—In broad terms, the person was asked to examine the relevant staffer's conduct as a ministerial staff member, with particular reference to relationship with CMAX Communications—

Senator RONALDSON—What date was that?

Senator Faulkner—When was he asked?

Senator RONALDSON—Yes.

Senator FAULKNER—Early June, I think 2 June. Because Senator Ronaldson cut across that answer, which I am perfectly happy with, let me complete my answer to Senator Fierravanti-Wells. This included the staff member's relationship with CMAX Communications, knowledge of the company's contract for the provision of services in connection with the Australia 2020 Summit.

Senator RONALDSON—Mr Hamburger was tasked, you say, in early June?

Senator Faulkner—No, the committee asked the secretary of Prime Minister and Cabinet to undertake that process. I have said subsequently that the secretary had nominated Mr Hamburger—

Senator RONALDSON—When was Mr Hamburger tasked?

Senator FIERRAVANTI-WELLS—Yes, and the timeframe, because that was part of my question too.

Senator Faulkner—I would have to take that date on notice unless Mr Mrdak can help me. Let me just check. It was 5 June.

Senator RONALDSON—The fifth. On 2 July you advised that the report was imminent. Do you remember saying that?

Senator Faulkner—Yes, Senator.

Senator RONALDSON—And then on 26 July the Prime Minister told the *Australian* newspaper that ‘the government staffing committee was still considering the conduct of Mr Taubenschlag in relation to the contract’. Between 5 June and 2 July, had Mr Hamburger interviewed Ms Annie O’Rourke or Mr Taubenschlag?

Mr Mrdak—Yes, he had. Mr Hamburger provided an initial report to the staffing committee on 17 June.

Senator RONALDSON—An initial report.

Mr Mrdak—He subsequently provided some further follow-up advice for the committee at their request on subsequent dates. But his report was provided to the committee on 17 June.

Senator RONALDSON—So you tasked this to a senior public servant, who reported back to you on 17 June, Minister. Did you then ask for further information as a result of that initial report?

Senator Faulkner—No.

Senator RONALDSON—Okay, so it was tasked to a senior public servant. He reported back on 17 June. On 2 July you said the report was imminent. The Prime Minister said on 26 July that you were still considering the conduct. Had there been any further investigation from the government staffing committee by way of inquiries, access to email or any other investigation at all between 17 June and 26 August, when the ANAO wrote to you regarding this method measure—20 August, I should say.

Senator Faulkner—Yes, further advice had been sought.

Senator RONALDSON—What further information had been sought by the government staffing committee?

Senator Faulkner—I do not intend to go into the detail of this, but I will give you a picture of it.

Senator RONALDSON—Perhaps you can tell me when that information was provided.

Senator Faulkner—I will give you as much information as I can. Having received a report from Mr Hamburger the committee asked Mr Hamburger for recommendations on sanctions that should be applied.

Senator RONALDSON—And did he provide you with that information?

Senator Faulkner—Yes, he did.

Senator RONALDSON—When was that?

Senator Faulkner—In late July, I think. I will just check with Mr Mrdak. Yes, 24 July.

Senator RONALDSON—Mr Mrdak, why would the inquiry take some 15 days but a discussion about sanctions take five weeks?

Mr Mrdak—Mr Hamburger was appointed to undertake this task and undertook this task in early June. He submitted his report, as the minister has outlined, on 17 June. Mr Hamburger then had a period of absence on leave from Canberra and was unavailable to do some further analysis for a period of several weeks. Hence, on his return from long-planned leave, I understand he was asked some further questions by the ministerial staffing committee, as the minister has outlined, in relation to possible actions that could or should be pursued in relation to the staff involved. Mr Hamburger undertook that work on his return from leave and provided reports, as the minister has outlined, on 24 July.

Senator RONALDSON—What were his recommendations in relation to sanctions?

Senator Faulkner—That advice from Mr Hamburger has been provided to the Auditor-General. I can confirm that. But consideration of that advice has also been deferred subject to the Auditor-General's report on this matter, so I do not think it would be appropriate for me, having outlined the processes involved here, to go into the detail of Mr Hamburger's recommendations. That particular matter awaits final determination.

Senator RONALDSON—How long was Mr Mrdak away from Canberra, Mr Mrdak?

Mr Mrdak—My recollection is of the order of three weeks.

Senator RONALDSON—Minister, you had a sanction report on 24 July. There had still been nothing released on 20 August. I presume that, had the Auditor-General's letter not arrived, potentially we would still be sitting here. Were you just hoping that this would all go away? Was that the government's view of this—'We just hope it will all go away'?

Senator Faulkner—At no stage have I wished it would go away. In fact, at every stage I have done everything I can, including the establishment of the issue, as you know, going to the government staffing committee in the first place, to ensure that we dealt with this very seriously and very thoroughly. One of the issues, as I am sure you would understand, that any committee needs to deal with in these circumstances goes to issues of natural justice for the individuals involved. The committee very properly took account of those considerations.

Senator RONALDSON—So how many times did the government staffing committee meet in relation to this matter to discuss the sanctions after receipt of the report of 24 July, Mr Mrdak?

Mr Mrdak—I am sorry, I do not have those details.

Senator Faulkner—I do not have those details either obviously. But, as I have indicated, I am happy to outline the process for you.

Senator RONALDSON—I want to know what discussions took place in relation to the sanctions and on what dates, following receipt of Mr Hamburger's sanctions report of 24 July. Did you meet at all?

Senator Faulkner—I do not have that information, but I will see if I can find that detail.

Senator RONALDSON—Minister, you must remember whether the government staffing committee met to—

Senator Faulkner—You have asked me for details of it and I do not want to make it up. The government staffing committee did meet. It did discuss these issues, but I do not actually have the dates before me. We will see what we can do on notice to find out the answer to your question.

Senator RONALDSON—Just to be absolutely sure: the government staffing committee met after the receipt of Mr Hamburger's 24 July sanctions report—is that what you are telling the committee?

Senator Faulkner—Yes, it did meet after that.

Senator RONALDSON—To discuss the sanctions?

Senator Faulkner—As I have indicated to you, but I will say it again, it asked Mr Hamburger to make further recommendations on what, if any, sanctions should be applied. So it did do that. I think I said that.

Senator RONALDSON—That's good.

Senator Faulkner—I am making it clear.

Senator RONALDSON—We have moved on from that.

Senator Faulkner—That was the answer to your question.

Senator RONALDSON—No it was not; I will ask it again, if you like. After you received the sanctions report on 24 July from Mr Hamburger, did the government staffing committee meet again to discuss the sanctions report provided by Mr Hamburger prior to the receipt of the letter from the Auditor-General on 20 July, at which stage you then suspended the committee's work?

Senator Faulkner—I believe so, but I do not have a date to provide you. My recollection is that it did. I have indicated also that the committee had mind to issues of natural justice also and determined that, in the conduct of this particular matter, it would take account of those issues, as I am sure you would think it should.

Senator RONALDSON—This is not a natural justice issue; this is a matter that has been drawn out for some three months. I would have thought, and I am sure members on this side of the committee would assume, that you would have recollection about what possible sanctions were going to be imposed on two very senior government staffers.

Senator Faulkner—I do. I indicated that that particular matter has obviously been suspended awaiting the Auditor-General's report. I have indicated that I do not intend to canvas that matter at this commitment. You asked me if the committee met. I indicated to you

that the committee did meet. What I do not have at my fingertips, and I do not intend to make it up, is what the relevant date was.

Senator FIERRAVANTI-WELLS—The matter is now with the Auditor-General. Does that mean that the Auditor-General has the benefit of the consideration thus far by the new government staffing committee? In other words, have the deliberations of the government staffing committee been given to the Auditor-General?

Senator Faulkner—The Auditor-General has all the relevant documentation. The government staffing committee has been very cooperative in relation to this matter and has assured itself that the relevant document is supplied. In the case of the Auditor-General, he has actually identified documents as well which have also been provided to him.

Senator FIERRAVANTI-WELLS—The final arbiter of this matter will be the government staffing committee, which will I assume take into account whatever the Auditor-General is now going to say—is that the situation?

Senator Faulkner—Yes.

Senator FIERRAVANTI-WELLS—That is the situation. So how do I get around the fact that the Auditor-General is saying they are going to wait for your deliberation and you are saying that you are going to wait for the Auditor-General's deliberation—

Senator Faulkner—The Auditor-General's inquiries are ongoing and that audit is being conducted as we speak.

Senator FIERRAVANTI-WELLS—And that will form part of the body of evidence that will be before the government staffing committee to enable it to make its final deliberation—is that the situation?

Senator Faulkner—It certainly will. In fact, it is obviously a critically important input to the government staffing committee.

Senator FIERRAVANTI-WELLS—I appreciate it is a critically important input. When are we going to actually see an end to this? Is the committee aware when the Auditor-General is going to complete—

Senator Faulkner—I am certainly not, and I personally do not think it is appropriate that I ask that question. The critical thing from my personal point of view is that the Auditor-General conducts his audit, his inquiry, with full cooperation from the government, absolutely unfettered in any way, shape or form, including in terms of timing.

Senator FIERRAVANTI-WELLS—My concern is this. There may be sanctions. Clearly some sanctions—without going into the detail of what those sanctions could be—have been considered. In the interim, you have senior government staffers that are continuing in positions. The longer this matter goes, the longer they stay in their positions. If sanctions are ultimately imposed upon them at a later date, they will have effectively been conducting operations in circumstances where serious sanctions would otherwise have been imposed on them. That is the concern that I have. Are we seeing a deliberate delay here? This matter has now been going on for months and months and months. On the last occasion, Mr Mrdak gave us an indication that there would be an investigation of a whole lot of other contracts in this

matter. We will be coming to that as well. I still have not seen anything concrete on that. There are clearly problems that arose out of this. When are we going to see an end to it?

Senator Faulkner—You can be absolutely assured that I am very committed to ensuring that there are absolutely thorough processes—impeccable process—in relation to these matters. Let us be clear, this level of thoroughness is, I think, unprecedented in terms of consideration of these sorts of matters.

Senator RONALDSON—Come on, Minister. It is anything but thorough.

Senator Faulkner—So you can be assured that I am, and the government staffing committee is, committed to ensuring that an absolutely thorough process—

Senator FIERRAVANTI-WELLS—Well, Minister—

Senator Faulkner—I actually do not want to see it truncated. I want to make sure that the Auditor-General has all the time and all the support and all the cooperation he needs. I am sure you would agree with that principle.

Senator FIERRAVANTI-WELLS—I agree, but this matter has gone on for months and months and months, and my point is: is it going on for months and months and months because ultimately there will be some sanction put on these senior staffers and this matter is being dragged on as much as possible to give them as long—

Senator Faulkner—That is not right. I remind you that is not right.

Senator FIERRAVANTI-WELLS—Well, that is the perception, Minister.

Senator Faulkner—If it is a perception, I will lay the perception to rest.

Senator FIERRAVANTI-WELLS—The perception can be laid to rest if you give us an undertaking as to when this matter—the final matter—will be decided. It cannot be that hard.

Senator Faulkner—Indeed. It will be finalised as soon as the Auditor-General's report is received. Don't forget that the Auditor-General's inquiry was something that the opposition itself asked for.

Senator FIERRAVANTI-WELLS—I would have thought, given the seriousness of this matter, there are really issues thank goodness that we did, otherwise we would be going around on some sort of committee that does not seem to be getting its act together. Anyway, I should leave the matter there.

CHAIR—Are there any further general questions?

Senator RONALDSON—Indeed, if we had not asked the questions we would most certainly not have got any response. Moving on to the lobbyists code, Minister or Mr Mrdak, I am wondering what is the establishment and operating costs to date associated with the establishment of this.

Senator Faulkner—I need to ask Mr Mrdak or officials to answer that.

Mr Mrdak—I do not readily have the cost with me but I am happy to get that to you as soon as I can.

Senator RONALDSON—Has any applicant to the register been unsuccessful?

Mr Mrdak—No, Senator.

Senator RONALDSON—Are you satisfied that there is no individual organisation providing lobbying services that is not registered?

Mr Mrdak—The obligation is on those lobbyists to ensure they are registered. We are not in a position to give you a hundred per cent guarantee that all lobbyists are so but, given the large number of people who have registered, we think that by and large most people who are undertaking third-party lobbying have now registered.

Senator RONALDSON—What remedial measures do you have in place in the event of someone breaching the code?

Mr Mrdak—Under the code, the secretary can have that person taken off the register if they have breached the obligations of the code and they are registered. Obviously there is an obligation on ministers under the code and senior public servants to not accept meetings with people who are not registered and who do not identify themselves as being a third-party lobbyist.

Senator RONALDSON—Minister, what remedial action would you take with fellow ministers if you became aware of the fact that they were dealing with people who were not on the code? What is the proposed practice?

Senator Faulkner—There are the provisions of the code itself, and I suppose it would depend on the nature of the circumstances. But can I say that obviously we have engaged in efforts to ensure that relevant members of the executive are well apprised of the code and its implications. I understand why you ask the question, and in a general sense my response is to try and say to you that we have engaged as much as we can in ensuring that that level of awareness is high, so I am hoping that the sorts of circumstances you refer to do not occur, or at least if they do occur only occur very rarely and inadvertently.

Senator RONALDSON—Can I go back briefly to the code of conduct for ministerial staff. We discussed earlier on some discussions about a staff member for Parliamentary Secretary McKew, Kathleen Forrester. In relation to the contract CEM 118028, which I think was an amount of \$112,000, it appears to be a clear breach of point 4 of the code of conduct, which says that staff must divest themselves or relinquish control of interest in any private company or business and/or direct interest in any public company involved in the area of the minister's portfolio responsibilities. At the time that this ownership were still in place with Ms Forrester she was employed by the minister. Has this issue being considered under the ministerial staff code of conduct?

Senator Faulkner—Yes, it has.

Senator RONALDSON—What is the outcome of that?

Senator Faulkner—I responded to this issue in part in the parliament, as you would be aware. As a general point I would say to the committee that there is obviously a commitment to high standards of staff conduct, as far as the government is concerned. That is why it has introduced a ministerial staff code of conduct. You would be aware of the element of the code of conduct that came into effect, as I think I said earlier in today's hearing, on 1 July this year, requiring staff to relinquish control of interests in any private company or business and/or

direct interest in any public company involved in the area of their minister's portfolio responsibilities.

Senator RONALDSON—Yes, I am aware of that.

Senator Faulkner—You would be aware of the information that I provide to the Senate in relation to this particular matter. In these circumstances the government staffing committee has met. It has examined the conduct of the staffer concerned, Ms Forrester, with reference to the provision of the ministerial staff code. The committee exhaustively examined documents relevant to Ms Forrester's holding in the Allen Consulting Group. I might just interpolate there for your benefit, Senator Ronaldson, that at the time that those shares were divested the value of those shares was \$2,252.52.

Senator RONALDSON—But you are not suggesting that the quantum overrides the principle, surely?

Senator Faulkner—No, what I am trying to do is provide you with a full picture.

Senator RONALDSON—I am a bit surprised that you raised the quantum, quite frankly. I cannot see how that can possibly be relevant.

Senator Faulkner—I assumed that you would ask me. Perhaps you would not have—I might have been wrong. But it was a fairly logical follow-up question. It is the sort of question I would have asked if I were you, I suppose. I thought I would just cut to the chase.

Senator RONALDSON—You always put quantum ahead of principle, so I am not surprised that that is what you would have done.

Senator Faulkner—I do not know that that is fair. I thought you might ask that. But if it is not relevant, I will not go to it.

Senator RONALDSON—If you want to fire the shots, that is fine—I am quite happy to engage.

Senator Faulkner—The committee did note Ms Forrester's attempt to divest her interest. It certainly noted her disclosure of this and her distance from the contracting process. The committee did determine in this instance that, in its view, there was no serious breach of the code. It did, however, determine in the case of Ms Forrester that she should be counselled for failing to bring to the parliamentary secretary's attention her attempt to divest her shareholding in order to avoid a potential conflict of interest. And that has occurred today.

Senator RONALDSON—This became public last Thursday, I think.

Senator Faulkner—Yes.

Senator RONALDSON—When did the committee meet?

Senator Faulkner—On Friday last week.

Senator RONALDSON—Did you meet the once or have you met since then?

Senator Faulkner—The committee had one meeting dedicated to this matter on Friday.

Senator RONALDSON—How long was that meeting for?

Senator Faulkner—I do not know precisely. But the committee had the benefit of having the capacity for an exhaustive examination beforehand, and it was a meeting that took as much time as was necessary to deal properly and thoroughly with the issues at hand.

Senator RONALDSON—What material did you seek prior to the consideration by the committee?

Senator Faulkner—It had a range of relevant documents, including the declaration of private interests, including the documentary demonstration of Ms Forrester's attempt to divest herself of these matters and how that was dealt with by the company.

Senator RONALDSON—And did you interview Ms McKew or Ms Forrester?

Senator Faulkner—I did not interview either of them. I did speak to Ms McKew about the issue. I would not put it at the level of saying it was an interview.

Senator RONALDSON—What members of the committee met on Friday?

Senator Faulkner—The full committee met.

Senator RONALDSON—And you were not there?

Senator Faulkner—Yes, I was there.

Senator RONALDSON—But Ms Forrester was not called before the committee?

Senator Faulkner—No.

Senator RONALDSON—Was Ms McKew called before the committee?

Senator Faulkner—No.

Senator RONALDSON—Was the secretary for education called?

Senator Faulkner—No, but that would not be appropriate. It certainly would not have happened, no.

Senator RONALDSON—Did you—

Senator Faulkner—It would never have happened and it certainly did not happen on that occasion.

Senator RONALDSON—Did you make any inquiries of the dep sec for education in relation to Ms Forrester's discussions with him in relation to the Allen Consulting Group?

Senator Faulkner—I personally have not made such inquiries, and I do not think it would be appropriate that I would have.

Senator RONALDSON—Did the committee make those inquiries?

Senator Faulkner—The committee was informed that Ms Forrester herself informed the Deputy Secretary of the Department of Education, Employment and Workplace Relations of her previous engagement by the Allen Consulting Group.

Senator RONALDSON—I thank you for that confirmation. It comes on the back of Ms McKew's statement last Tuesday. Indeed she did tell the deputy secretary that she had been employed, but she failed to tell the deputy secretary that she was still a shareholder in the Allen Consulting Group. I would have thought that, if this committee were doing its job

properly, that would be the very question that you would ask and that is the very reason why the dep sec for education would be contacted in relation to that matter.

Senator Faulkner—I am sure you are aware that the decision to procure these sorts of services through a direct source contract and the selection of the company were matters for the Department of Education, Employment and Workplace Relations, in accordance obviously with procurement guidelines. I do note—and it is probably important for us to take account of—the fact that Ms McKew herself is the Parliamentary Secretary for Early Childhood Education and Childcare in this portfolio.

Senator RONALDSON—Do you know what Ms Forrester's website email access point is? It is the department, DEEWR. So she is involved in that department. That is where her contact point is. I put it to you again that Ms McKew's statement very clearly identified that the employment had been indicated to the department, but, if you like, it was the failure to mention the ownership that I think has raised a lot of concern about this matter. Surely, as the person responsible for the government staffing committee, you would want to know whether Ms Forrester had advised the department that she was still a shareholder in a company that was being given direct source tenders.

Senator Faulkner—The facts of the matter are this. Prior to her appointment as a ministerial staffer, Ms Forrester was an employee of the Allen Consulting Group, which—

Senator RONALDSON—We know all that.

Senator Faulkner—I am just going through the facts of the matter. It is important it is placed on the record. Allen Consulting Group is a private company. She resigned from that position before taking up her ministerial staff appointment. It is true that, as an employee of Allen Consulting Group, Ms Forrester, like other employees, received shares in the company under the employee share plan. As you know, in April of this year she commenced at Ms McKew's office. Ms Forrester told the company at that time that she wanted to divest her shares to avoid any potential conflict of interest. She wrote to the company chair on that day and said that she wanted to end her holding quickly, for the very reason that she was keen to avoid even the vaguest notion of potential conflict of interest. The company responded to her—and I have seen this material—that it would put in train a divestment process. These are shares in a private company, as we both know.

Senator RONALDSON—What has that got to do with it?

Senator Faulkner—The facts of the matter are she was allocated a small number of shares in the Allen Consulting Group when she was an employee; she declared—

Senator RONALDSON—What has it got to do with whether it is a private company or a public company?

Senator Faulkner—These are the facts, Senator. She declared the shares to Ms McKew, she took steps to divest her holding and did not have anything at all to do with the selection of the company by a department that Ms McKew does not administer. Those are the facts.

Senator RONALDSON—So she had told Ms McKew about the shareholding, had she, or just about the employment?

Senator Faulkner—I have actually answered this question in the Senate, as you know, in relation to that.

Senator RONALDSON—I thought you said before that she was counselled in relation to what she had not told Ms McKew.

Senator Faulkner—She was counselled for failing to adequately bring to the parliamentary secretary's attention her attempts to divest her shareholding. It might seem harsh in the circumstances. I personally viewed this, as did the committee, as a technical breach and I think the response was appropriate in the circumstances.

Senator RONALDSON—Had Ms Forrester discussed any of these Allen Consulting Group contracts with anyone within the department?

Senator Faulkner—Not to my knowledge.

Senator RONALDSON—Did you ask the question?

Senator Faulkner—No, I did not ask the question but—

Senator RONALDSON—You did not ask her whether she discussed these contracts with anyone?

Senator Faulkner—I have indicated to you that I did not speak to her, so I certainly did not ask her any question.

Senator RONALDSON—Did anyone on the committee ask her whether she had discussed these contracts with anyone within the department?

Senator Faulkner—Ms McKew has satisfied herself about that issue.

Senator RONALDSON—I am not interested in what Ms McKew is satisfied with. You have these guidelines there and you dealt with this matter in three days but the CMAX matter seems to have taken three months. How politically convenient that you were not at a meeting with Ms Forrester—and you are chair of the committee. You made no inquiries of her in relation to whether she has had discussions with the department about these direct-source contracts. You have had no discussion with the department about whether she has discussed these matters with them. It has just been swept under the carpet to get rid of the political issue that you have with this—and which you have with the CMAX affair.

Senator Faulkner—You have just answered your own question as to why, in my view, the government staffing committee took the correct decision in the light of there being an Auditor-General's report on the CMAX matter to act as it did. You see the sort of outrageous, unjustified, unsupported allegations that can be made. If the government staffing committee had acted and finalised the CMAX matter while the Auditor-General was investigating it, you could imagine the sense of outrage that we would have at this committee. You see, you cannot actually have it both ways.

Senator JACINTA COLLINS—He is practising his outrage.

Senator RONALDSON—Not when the Auditor-General asks you to continue it.

Senator Faulkner—The difference here is, and you know this and everyone knows it, that there is an Auditor-General's inquiry into the CMAX matter; there is no such inquiry or any

suggestion of any inquiries of any description in relation to Ms Forrester. I think the approach on both is robust and appropriate.

Senator RONALDSON—You have given the government's view on this. For the public record and to be absolutely clear on this, you are aware that the allegation is that a staff member of Ms McKew held shares in Allen Consulting and they were given direct-source contracts. Surely you would have asked the question of the department or Ms Forrester as to whether she had had any discussion with the department about—

Senator Faulkner—There is no question about these issues.

Senator RONALDSON—Let me finish.

Senator Faulkner—You can ask them at the relevant estimates committees.

Senator RONALDSON—who those direct-source contracts would go to. This is a convenient, political cover-up.

Senator Faulkner—There is no question about any of these issues. They are not open questions. But you will be able to ascertain that categorically at the relevant estimates committee.

Senator FERGUSON—I think my question is probably better directed at Mr Mrdak, but we will see. Mr Mrdak, earlier in the year, in response to a written question about the Prime Minister's travels in April, I understand that a response was given that said that the cost to the taxpayer of that trip, which was the fairly lengthy trip that he made to practically everywhere except Japan, was somewhere in the vicinity of \$495,000. Is that the correct figure?

Mr Mrdak—I will check that. I am not familiar with that number but I will check that and come straight back to you.

Senator FERGUSON—You have no recollection that that is at least around the mark?

Mr Mrdak—I will have officers check that straightaway and provide you with an answer.

Senator FERGUSON—Well, bearing that in mind, do you know whether the cost for that round-the-world trip with the entourage includes any costings for the use of the two VIP planes that were involved in that trip?

Mr Mrdak—I will ask my colleague Mr Leverett to provide that information.

Mr Leverett—Senator, the first part of your question is correct: the answer to the question on notice was a figure of \$491,000 for the March-April trip. On the second part of your question: that figure does not include any aircraft costs. As has been the case for as long as I can remember, those costs are tabled separately.

Senator FERGUSON—Where are they tabled?

Mr Leverett—They are part of the Department of Defence appropriation.

Senator FERGUSON—So if two planes were used on this visit—which, I understand, has not been the norm in the past—what sort of cost recovery was there for the second plane which was used by journalists travelling with the Prime Minister?

Mr Leverett—As to the exact process, you would need to ask that of the Department of Defence. But my understanding is that the media who travelled on the second aircraft were charged the equivalent commercial airfare.

Senator FERGUSON—Business or economy?

Mr Leverett—That I do not know.

Senator FERGUSON—So a trip like this is undertaken with an unlimited number of journalists? Well, there is a limited number of journalists because the plane only holds 26, as I understand it. But is this done without the Department of the Prime Minister and Cabinet knowing how much it is actually going to cost to take the extra plane on the visit?

Mr Leverett—The Department of the Prime Minister and Cabinet is never involved in the cost of the aircraft.

Senator FERGUSON—But it is still a cost to the taxpayer, isn't it?

Mr Leverett—It is.

Senator FERGUSON—So I would have to go to the Department of Defence to find out whether or not the fares charged to journalists actually covered the costs of the plane?

Senator FIERRAVANTI-WELLS—I did do that. I simply went to PM&C. So can somebody just work out what the correct approach is here? I asked those questions specifically. I am sorry, Senator Ferguson, since you have asked the question. Can somebody just work out what is going on here? We did that. We were advised to do that last time. I did that, and I got shuffled back to PM&C. So can somebody please provide us with the answer?

Mr Leverett—I am sorry if you were shuffled back to PM&C but we do not get involved in the costings of the VIP aircraft. That is a Defence matter.

Senator FIERRAVANTI-WELLS—Well, I was told that these estimates—would you like me to take you to where I was told this last time?—I had to go to the Department of Defence to get an answer to that specific question. I did ask those questions on notice, and I was told that it was supposed to be answered by PM&C.

Mr Leverett—As I said before, Senator, I am sorry if that is the case.

Senator FERGUSON—Can I make a suggestion: perhaps your department could consult with the Department of Defence and decide who should give us the costs and the cost recovery that is involved. If you have a prime ministerial visit that has already cost \$491,000, it would be interesting to find out what the actual cost of that visit was when you consider that two plane loads of people left, and I would imagine that the costs would be well in excess of \$491,000 if you were to take into account the cost of travel.

Senator FAULKNER—My understanding here—I can be corrected if I am wrong—is that these are published on an annualised basis by Defence. But, given the answers that Senator Fierravanti-Wells in particular—

Senator FIERRAVANTI-WELLS—Yes, here it is—page 18 of last estimates.

Senator Faulkner—Senator, I accept what you are saying. I know that these answers can be provided. I am not sure about the timing, because I believe it is done on an annualised

basis and has been for very many years. But, in answer to the question you are asking, Senator Ferguson, I will provide a process answer to you, if you will take it on notice, and obviously point to this at the appropriate time when these matters are published by Defence. I am just going to check with the officials as to their understanding. I know it is a different department. Mr Mrdak has been able to help further. He believes that publication normally occurs in December of the calendar year.

Senator FERGUSON—So, of all the visits that are undertaken by VIP aircraft, they only produce an annual figure of expenditure.

Mr Leverett—That is my understanding.

Senator Faulkner—I think it is annual. That is my recollection from my years on the other side of the table, and I am depending on that.

Senator FERGUSON—Surely, if it is possible to provide an annual figure, the annual figure must be reached by adding up all of the sum of the parts.

Senator Faulkner—I suspect you are right.

Senator FERGUSON—So you should be able to provide us a figure that would tell us what the costs were for each particular trip.

Senator Faulkner—This has been asked, even quite recently, of the Department of Defence. Someone might care to ask them these same questions at the Foreign Affairs and Defence estimates committee later in the week, but I will at least provide you with a definitive process answer. I accept what Senator Fierravanti-Wells has said. She has given us a *Hansard* reference, which is beneficial. We will provide that. But I think any further detail, if it is able to be provided—and I suspect it is not, because of that timing—could be done by Defence at a later stage.

Senator FERGUSON—Can PM&C tell me how many people travelled on that delegation with the Prime Minister in each of the planes—both the Prime Minister's entourage and the number of journalists?

Senator Faulkner—Which trip are we talking about?

Senator FERGUSON—The one in April that went to the US, Britain, Europe and China.

Mr Leverett—We can certainly answer the question. I do not have that information with me. That trip occurred before the last sitting of estimates, of course, therefore I am not prepared with that information.

Senator FERGUSON—The problem is that a lot of the information has only come in since the last estimates. Do you have an answer, Minister?

Senator Faulkner—No. Because of the timing, I did not realise that the trip you are referring to preceded the last estimates.

Senator FERGUSON—It preceded the last estimates, but the information—

Senator Faulkner—Yes, I apologise for that. I did not realise that.

Senator FERGUSON—Is it a fact that if the two aircraft had a full complement of passengers I think that would total 52? If this is the case, why would the embassy in Brussels be asked to book 60 rooms to cover the entourage that was travelling with the Prime Minister?

Mr Leverett—I would have to look at the papers to be certain of the answer, but my understanding is that officials from different departments joined at different legs of that particular trip. So not everybody involved in that particular trip travelled on every leg of the visit.

Senator FERGUSON—It is certainly the case for Mr L'Estrange, because he was not asked until the trip was half over. I would be surprised if every seat on both planes was filled but, if they were, how could 60 rooms be justified?

Senator Faulkner—I think these are six-monthly reports; they are not annual reports.

Senator FERGUSON—I am talking about a particular visit.

Senator Faulkner—I understand that, but I think I indicated, or we indicated, in evidence that they were annual reports. I have just been advised that they are in fact six-monthly reports. It may impact on your question.

Senator FERGUSON—My question really is that I understand that the entourage did not stay at the usual place that is booked by the embassy when Australia visits Brussels or anywhere in Europe related to European Union matters because there were not enough rooms in the hotel and they had to find another hotel that could provide 60 rooms. I am wondering why on earth 60 rooms would be required by the Prime Minister.

Senator FORSHAW—Were you able to recommend a hotel for them, Alan.

Mr Leverett—As I said before, in addition to the fact that there were people joining different legs of that particular visit, there is also the additional requirement of office space for a prime ministerial visit. A number of rooms are required for offices and delegation meeting rooms.

Senator FERGUSON—I understand that.

Mr Leverett—That would also account for some of what you claim are the extra 10 rooms.

Senator FERGUSON—Could you find out for me how many people actually travelled on each of those planes—both the Prime Minister's plane and the other plane.

Mr Leverett—I can tell you now that the Prime Minister's plane was full on every sector of that trip.

Senator FERGUSON—Twenty-six?

Mr Leverett—I believe it was 24. In fact it was actually fewer than that because the RAAF require a number of seats in zone C of the aircraft. But I will give you the exact number of party as opposed to passengers, because there is a difference. I understand that there is a small RAAF component. I will give you both figures. For the media aircraft, I do not know the numbers but I will find out quickly for you and come back to you.

Senator FERGUSON—On how many occasions, on any prime ministerial visit overseas by this Prime Minister or the previous Prime Minister, has an extra VIP plane been taken just to accommodate the travelling journalists.

Mr Leverett—To my knowledge there has only been one occasion where a second RAAF aircraft has been used, but for completeness of answer, there have been two subsequent occasions where a charter aircraft—a second aircraft but not a RAAF aircraft—has been used. So three in total.

Senator FERGUSON—Who has chartered the other aircraft?

Mr Leverett—The Department of Defence chartered it.

Senator FERGUSON—Specifically for journalists.

Mr Leverett—For the PM's visit, yes.

Senator Faulkner—Senator, you would recall of course that there were changes made in relation to this in the aftermath of the tragic—

Senator FERGUSON—Yes, I do remember that.

Senator Faulkner—The air crash that occurred in Yogyakarta. I am just trying to think what the date was.

Senator FERGUSON—About 18 months ago.

Senator Faulkner—As a result of that and because of concerns that I think were shared around the parliament we have looked at changes to the way that some of this travel is undertaken. So I think it is important to put that in the context of why—

Senator FERGUSON—But I would not think the same rules would apply in travelling to the United States, the United Kingdom and Europe as would apply to some other areas. Journalists have been travelling on commercial aircraft for a long time.

Senator Faulkner—That is true. And as a result of what occurred at Yogyakarta there were changes to that broad approach. It is important to understand that background as we look at the costings.

Senator FORSHAW—They went on a Qantas flight recently.

Senator FERGUSON—Mr Leverett, to sum it up, what I would like you to do is find out what the additional cost to the taxpayer is of flying a VIP plane to accommodate journalists over and above what they pay by way of fares. I need to know the total cost of that flight for the VIP aircraft balanced against the total cost of the fares paid by the journalists to know what additional costs are on the taxpayer as a result of—either by charter or by using VIP—the Department of Defence footing the bill on behalf of the Australian taxpayer.

Senator Faulkner—It may be that that question will need to be referred to the Department of Defence—and we will do this if necessary.

Senator FERGUSON—I understand that. I will ask them the same thing.

Senator Faulkner—It is six-monthly tabling. The last tabling was in May of this calendar year. That covered the period July to December 2007. In approximately December of this year, we would expect the next six-monthly report to be tabled which will provide obviously

some of the information that you have asked, but with the cooperation of the committee and if you understand, Senator, it may be necessary to actually refer that to the Department of Defence.

Senator FERGUSON—How many people actually flew on the second of VIP jet? That will determine to some extent what the cost recovery might be.

Mr Leverett—We have noted that, Senator.

Senator Faulkner—The manifests are subject also to tabling.

Senator FERGUSON—Yes, it is just that I do not want to have to wait until December.

Senator Faulkner—I understand that, but you may have to. We will see whether we can accelerate the process. I cannot give you a commitment and it will probably need to be dealt with via Defence.

Senator FIERRAVANTI-WELLS—I did get my records and indeed you made that reference directing me to the Department of Defence. The Department of Defence did transfer the question on 1 July to the Senate Standing Committee on Finance and Public Administration. In any case, it does not appear to have been answered. The bottom line is that, notwithstanding that the questions were raised at estimates and I went through the circuitous process of going through Defence for the purposes of PM&C, you did not actually answer the question for me. However, you provided the names of 13 people who travelled with the Prime Minister on the trip to the US, Belgium, Romania, the UK and China. That is 13 out of 60, allegedly. That is a lot of press.

Senator FERGUSON—There were two planes because they booked for the journalists.

Senator FIERRAVANTI-WELLS—I appreciate the need to take into account Defence staff et cetera—and I did not expect to see the names of those—but that indicates quite a number of journalists.

Senator Faulkner—My recollection of your question is that it went to staff travel—is that right?

Senator FIERRAVANTI-WELLS—No, my question on this matter was put on notice.

Senator Faulkner—Did it go to ministerial staff travel?

Senator FIERRAVANTI-WELLS—No, one question did, the one to the Department of Defence specifically about the Prime Minister's travel.

Senator Faulkner—Some of the elements of this of course are properly also handled by the Department of Finance and Deregulation. In the same spirit as I have indicated to Senator Ferguson, we will sort it through. It may be that some elements of the question or your question relate obviously to the Department of Defence.

Senator FERGUSON—If Senator Fierravanti-Wells has received an answer saying that 13 people accompanied the Prime Minister, who were the other nine? You said the Prime Minister's plane was full. There are another nine seats.

Mr Leverett—Do you have that answer with you, Senator?

Senator FIERRAVANTI-WELLS—I do.

Mr Leverett—I do not have it with me. Does that 13 refer to the Prime Minister's staff?

Senator FIERRAVANTI-WELLS—In fairness, the question went to travel by staff members of the Prime Minister. My point is that we have 13 staff—**Senator Faulkner**—That is the point about being paid by the Department of Finance and Deregulation.

Mr Leverett—So there was 13 from the PM's office plus officials from other departments, a doctor, security, et cetera.

Senator FIFIELD—Not a butler?

Senator FIERRAVANTI-WELLS—Yes, I will come to that in a moment, if it is an appropriate time.

Senator Faulkner—It is never appropriate.

Senator FIFIELD—You will recall, I am sure, earlier this year a cabinet submission in the nature of coordination and comments which found their way into the public domain—comments from PM&C, Finance, Resources and Industry raising questions about Fuelwatch in relation to price compliance and regulatory grounds.

Senator Faulkner—In answer to your question, Senator, I do recall that.

Senator FIFIELD—Thank you. I am sure you will be able to confirm, or correct me if this is wrong, that as a result of that there was a leak inquiry instituted by the secretary of PM&C and also a review of access to cabinet papers.

Senator Faulkner—Yes, there was an investigation, I think effectively initiated by the secretary of the Department of Prime Minister and Cabinet. I can confirm to you that that was an Australian Federal Police investigation.

Senator FIFIELD—And any result of that inquiry?

Senator Faulkner—I can say to you that the investigation is now concluded and that it concluded that there was insufficient evidence at the time to substantiate a criminal charge or disciplinary action against any individual for the unauthorised disclosure that occurred.

Senator FIFIELD—As is usually the result in these inquiries.

Senator Faulkner—I will treat that as editorial comment.

Senator FIFIELD—It was; it was purely rhetorical. You might be able to help me here: is it true that there was a direction to cease providing coordination comments to cabinet submissions in written form?

Senator Faulkner—I might ask Mr Mrdak to explain the situation in relation to coordination comments, but I indicate to you that this only related of course to the department we are examining at the moment, the Department of Prime Minister and Cabinet. But Mr Mrdak can give you all the details on that that you require.

Mr Mrdak—When the investigation was announced by the secretary on 28 May, a decision was taken within the department to cease providing written coordination comments until such time as the results of the investigation were known. There were two processes undertaken, as the minister has outlined. The Australian Federal Police undertook an investigation and the secretary made a public statement of the outcomes of that investigation

on 29 August. Also the cabinet division within the department undertook an internal investigation of our systems, which also looked at the security of our systems. Given the media reporting of the material being released from PM&C, we felt until such time as we could be assured of the security of our systems we would not provide written coordination comments. Arrangements were put in place to provide PM&C's coordination comments to departments and also we did not change any of the existing and longstanding practices in relation to briefing material for the Prime Minister or ministers in relation to cabinet submissions.

Senator FIFIELD—So coordination comments were verbal.

Mr Mrdak—As you are aware, we are often closely involved in the development of cabinet submissions through consultative processes with line agencies. We continued to conduct all of those. When a submission was lodged for coordination comment, we provided, after clearance through the normal processes within the department at senior levels, coordination views to the relevant agency senior officer which were then reflected in that agency's briefing to their minister.

Senator FIFIELD—How were those views provided?

Mr Mrdak—Verbally.

Senator FIFIELD—So the other agency would then incorporate into its submission the views of PM&C.

Mr Mrdak—If they felt the submission required amendment as a result of hearing our views, but more than likely they would have reflected those views in their briefing to their minister.

Senator FIFIELD—When those views were incorporated if it was deemed appropriate, were they identify as the views or thoughts of PM&C or did they then become the views and thoughts of that department or agency and were presented in that nature?

Mr Mrdak—I would presume that they would be presented to their minister as the views of PM&C.

Senator FIFIELD—And that is no longer the process: once the process inquiry was concluded, it is back to the regular—

Mr Mrdak—That continues to be the process. We are looking to shortly recommence providing written coordination comments. We are now completing the introduction of a range of additional security measures in relation to the provision of coordination comments and also the handling and security of cabinet documentation following recommendations by both the AFP and also our own internal review.

A number of measures have now been put in place inside departments to restrict the availability of material to those who need to know and see material. Additional security measures in terms of education and auditing of processes and also some additional security measures on the CabNet network are now being processed. Once those are all in place, which we expect to take place in the next week or so, we believe we will be in a position where we have enough assurance to recommence providing written coordination comments.

Senator FIFIELD—Does this verbal briefing arrangement reflect a lack of confidence in processes, a lack of confidence and trust in staff or both?

Mr Mrdak—It reflects the concerns that were raised in the media articles at the time that material of PM&C was being leaked. We took decisive action to take—until such time as we could ensure that our processes were secure—a different course of action in relation to how we provided advice.

Senator FIFIELD—I will ask again: is that aimed primarily at a lack of confidence in the processes or in staff?

Mr Mrdak—I think it reflects some degree of lack of confidence in relation to the handling of material that PM&C provides to other agencies.

Senator FIFIELD—So the concern relates to the other agencies rather than PM&C staff?

Mr Mrdak—The results of our investigations do not indicate that this material emanated from PM&C.

Senator FIFIELD—That is good to hear, I am sure. Through you, Minister, is it true that, as reported in the *Financial Review* magazine in October, following the cabinet leak Mr Moran advised all departments to watch their language in future coord comments in case they one day surfaced in public?

Senator Faulkner—I am certainly not aware of that. That is one article I have not read. I do not know if Mr Mrdak can help on this.

Senator FIFIELD—That surprises me, Senator Faulkner.

Senator FIERRAVANTI-WELLS—I am surprised.

Senator Faulkner—I know you are an avid reader of the *Financial Review* magazine, Senator Fierravanti-Wells, though I have never seen you actually star in it at this stage. I am expecting that next week.

Senator FIFIELD—Senator Faulkner, is it possible to take on notice whether that was the advice from Mr Moran to the department, to ‘watch your language’? If that is true, it could be taken that that was encouraging staff to provide other than the full and frank advice which we know this government seeks.

Senator Faulkner—I will in this circumstance take it on notice. Neither I nor officials, in this case, Mr Mrdak, are aware of the comments. In that circumstance I do not think we have any alternative but to take it on notice.

Senator FIFIELD—Thank you; I appreciate that. My concern here and in relation to the provision of verbal PM&C coord comments is how this fits with the Prime Minister’s penchant for evidence based policy making. You would assume that he would want public servants to provide full and frank advice and not pull their punches or couch their language because their main concern was how it might read if that information became public rather than providing the best advice to government.

Mr Mrdak—I do not believe there is any suggestion that the arrangements we put in place as a short-term measure have in any way affected the quality of the advice from PM&C or the way in which the cabinet has been briefed on matters. We have continued to provide the

normal briefing to the Prime Minister, Minister Faulkner and other ministers on issues, and agencies are fully aware of our views on matters. I do not think in any way this would represent a diminution of our role as a policy adviser.

Senator FIFIELD—But there would be many matters on which PM&C would be required to provide coord comments which would be quite complex in nature and would not best lend themselves to discussion in a verbal fashion—matters of such complexity that to do justice to them it would be helpful to have those in written form.

Mr Mrdak—But certainly, Senator, as you are aware, we are often involved quite closely in the development of the policy and the development of the submissions as they are being developed by line agencies. So, throughout the development of submissions, memoranda and the like, I think agencies are well aware of the view PM&C reaches on the material they are producing, and that is often reflected in the advice they provide their minister in relation to the issues coming forward.

Senator FIFIELD—I would be surprised if the restriction on providing any written briefing did not compromise the quality of the advice provided. You say that in your own personal experience that has not been the case. I will have to take you at your word, but I must say I am very surprised. I appreciate the minister taking on notice whether Mr Moran did ask staff to be mindful of how their language might appear in print. Thank you for that.

Moving to another matter, and I am sure, again, Senator Faulkner, you recall some of the circumstances that Ms Neal, the member for Robertson, found herself in earlier this year. The Prime Minister on 11 June, when he was in Tokyo, was asked if he thought that Ms Neal should be disciplined and the Prime Minister said:

... “I spoke to Belinda Neal today and I’ve said to her that there appears to be a pattern of unacceptable behaviour.

“Furthermore, what I’ve said to Ms Neal is that in reflecting on that, that it’s important that this be dealt with by her appropriately in the future.

“She has indicated that as a result of our conversation that she’ll actually be seeking counselling to assist in her own management of her relationships with other people.

“I’ve also reminded her that none of us, none of us, are guaranteed of a future in politics.”

‘None of us are guaranteed of a future in politics’—never a truer word was said. Minister Faulkner, in your capacity representing the Prime Minister, are you aware of whether the Prime Minister has been monitoring whether or not Ms Neal received any counselling?

Senator Faulkner—No, I cannot say that I am aware of that, but I am aware of public statements that Ms Neal herself has made about that. In fact, not only has she indicated publicly that she has received such counselling, but I have certainly read and heard her say that she has benefited from it.

Senator FIFIELD—Are you aware of whether the Prime Minister or his office has made any inquiries in relation to counselling?

Senator Faulkner—I have just indicated that Ms Neal herself has made comments in relation to that. No, of course I would not be aware of any personal contact the Prime Minister might have had with Ms Neal. He outlined the course of action he expected her to undertake,

Ms Neal undertook that course of action and, as I am sure you would be aware—as you appear to follow these things fairly closely, Senator—she has indicated that publicly.

Senator FIFIELD—I know the Prime Minister keeps a very close watch on the commitments that he makes, as does his office, and that he is someone who likes to evidence that he has acted upon his commitments. Appreciating that you do not have firsthand knowledge of what the Prime Minister or his office has or has not inquired about, is it possible to take on notice whether the Prime Minister has monitored this?

Senator Faulkner—I do not think there is any necessity to do so in this circumstance. Let me repeat: I have definitely heard Ms Neal say, as I am sure other members of the committee have, two things, (a) she has received such counselling and (b) she has benefited from it. So I do not really think on this occasion—respectfully, Senator—there is a need for us to. It is certainly clear that it has happened. I am pleased that she has been able to say she thinks it has been beneficial, and I am sure you are pleased that she thinks it has been beneficial too.

Senator FIFIELD—I hope that is indeed the case. I would appreciate it if you could take it on notice, unless—

Senator Faulkner—I am not sure what I am taking on notice. It has been clear—

Senator FIFIELD—you are declining to do so. If you are declining to do so—

Senator Faulkner—It is not that; it is just that I am answering your question: yes, Ms Neal said herself there has been counselling and, yes, she said it has been beneficial. I am not sure if there is much else to say in this regard.

Senator FIFIELD—We will move on. Senator Faulkner, who takes the decision in relation to the granting of a state funeral? Is that a decision that the Prime Minister takes on advice or is that something which falls under your responsibility?

Senator Faulkner—I will ask officials to go through this process for you—how it works. Mr Leverett can explain that to you in some detail, I think you will find.

Mr Leverett—There is no one simple mechanism by which a state funeral occurs. What is consistent is that the Prime Minister is the approving authority. On some occasions, the Prime Minister will become aware that a person has died and will take the initiative. On other occasions, we in the department will become aware and then go to the Prime Minister's office for a decision. But ultimately the Prime Minister makes the decision. How the information gets to him, as I said, can vary.

Senator FIFIELD—There was one recent funeral—I think there was a request for a state funeral for a Mr Sam Calder, a former member for the Northern Territory and a prominent Territory citizen. Was there a request submitted for a state funeral, or was a state funeral offered?

Mr Leverett—Yes and no are the simple answers. The initial request, if you like, for a state funeral came, in fact, from the media—from the *Northern Territory News*. There was, at a later point, a letter from a senator from the Northern Territory recommending consideration of a state funeral, so there was a more formal subsequent approach. My advice, as the relevant official in the department, to the Prime Minister's office was that—and this is a bit delicate, in a sense, and I acknowledge, before I say what I am about to say, that Mr Calder was an

undoubted legend or icon of the Northern Territory across a range of areas or professions, and war service and the like—in my judgement, he did not qualify for a state funeral. That was the advice that I gave to the Prime Minister's office. Who ultimately made the decision I am not sure, but the advice I received back from the office was that there would not be a Commonwealth state funeral for Mr Calder.

Senator FIFIELD—Sure. And, as you mentioned, he had had a distinguished service career.

Mr Leverett—Absolutely.

Senator FIFIELD—I think he completed over 120 flying missions, and received the Distinguished Flying Cross for his bravery. He was instrumental in the cattle industry in the Northern Territory. He was a founding member of a major political party, the Country Liberal Party, in the Territory. He also had great and distinguished service in the federal parliament representing the Northern Territory.

Mr Leverett—And he was instrumental in self-government for the Northern Territory, as well.

Senator FIFIELD—Thank you for adding that. You would be aware that, subsequent to the Commonwealth declining to offer a state funeral to Mr Calder's family, the Northern Territory government did offer one.

Mr Leverett—It did offer one; correct.

Senator FIFIELD—It offered a state funeral and was accepted.

Mr Leverett—Yes, and that was an outcome that we regarded as appropriate.

Senator FIFIELD—Sure. Are there any criteria for the awarding of a state funeral, or is it purely in the gift of the Prime Minister to make a decision on a case-by-case basis?

Mr Leverett—No, there are guidelines and they have been tabled in this committee in the past. I recall—as might the minister at the table; I recall answering a detailed question from him in another context—

Senator Faulkner—An excellent question!

Mr Leverett—Those papers are available and I think I have a copy of the guidelines here, in fact, or the answer to that particular question. But essentially it is governors-general, prime ministers, executive councillors and chief justices of the High Court, either former or in office, and the current leaders or deputy leaders of recognised political parties, in the parliamentary sense of 'recognised', of having a number of members and so on in the parliament. They are the formal, if you like, categories. Beyond that, prime ministers of the day have extended the offer to prominent Australians with a national profile, if you like. Some examples would be 'Weary' Dunlop, Fred Hollows, Sir Donald Bradman and so on.

Senator FORSHAW—Kerry Packer.

Senator FIFIELD—Worthy exemptions are identified by Prime Ministers on a case-by-case basis. I appreciate you explaining that. I just register my disappointment that on this occasion this individual was not offered a state funeral, but I completely accept that, ultimately, it is the Prime Minister's decision not yours; you provide your best advice.

Senator Faulkner—Are you going to move to another matter? Mr Mrdak has a minor technical correction to provide.

Senator FIFIELD—Sure.

Mr Mrdak—Earlier today, I answered a question from Senator Ronaldson in relation to Mr Peter Stephens. I answered that my advice was that he was formerly employed with the Department of the Senate. I would like to correct that. I am advised that he was employed by the Department of the House of Representatives in the role of committee secretary, which was a non-SES position.

Could I also provide a further answer to Senator Ronaldson in relation to resourcing for the register of lobbyists. This year's budget papers provides resourcing to the department for the register of lobbyists as follows: \$200,000 in 2008-09, \$300,000 in 2009-10 and \$300,000 in 2010-11, with \$300,000 this year for capital which is essentially the IT system to support the register of lobbyists and the website which supports it.

Senator RONALDSON—Thank you.

Senator RYAN—I would like an answer clarified about coordinating comments. Have other departments adopted a similar approach or was it solely the Prime Minister and Cabinet that has adopted the verbal and non-written approach that you outlined?

Mr Mrdak—That is an approach only adopted by the Department of the Prime Minister and Cabinet.

Senator RYAN—Other departments are still providing written advice?

Mr Mrdak—Other departments continue to provide written coordination comments. As I indicated earlier to Senator Fifield, our intention is to resume that practice once we have put our additional security measures in place.

Senator RYAN—Is there a time line on that practice?

Mr Mrdak—I had hoped we would have done that by now. I expect that to occur in the next couple of weeks. We are just instituting revised cabinet security procedures. Once they are in place and some additional measures, our intention is to resume providing written coordination comments.

Senator RYAN—Thank you. Does the department hold information of SES appointments across the entire Australian Public Service?

Mr Mrdak—No.

Senator RYAN—Only of the department?

Mr Mrdak—Only within our department.

Senator RYAN—I presume in that case it would have the details of such appointments within its own department and associated agencies?

Mr Mrdak—Yes, certainly within the department I can provide advice in relation to those appointments. In relation to our portfolio agencies, you may wish to put that to the agencies direct or we can, if you like, seek advice from the committee.

Senator RYAN—I assume you will have to take this question on notice. If there were any such appointments since Mr Moran took office as the secretary of the department, how many at band 4 and above have been undertaken without the standard advertising and merit selection process?

Mr Mrdak—I can say that there have been no ongoing positions filled that have not been filled through normal public service advertising and merit selection processes. All permanent positions are filled through the standard APS requirements.

Senator RYAN—Presumably, if they are recruited from another branch of the public service, being state or Commonwealth, you would have information on where they came from to go through that merit selection process?

Mr Mrdak—Certainly. When I say the merit selection process, if people are being recruited into the department not from another agency, there would be some people who would transfer at level who may not have been through a full process—they transfer at level for particular skills—but in most situations they would go through that process. You are asking for details of the agencies from which they have come?

Senator RYAN—If they transfer at level, is that only within the Australian Public Service and the ACT or does that apply also to the various states?

Mr Mrdak—No, it generally applies to the Australian public service.

Senator RYAN—For appointments at that band and above that have been made since Mr Moran took up his position, is it possible to outline how many such officers have been appointed from within the state public services?

Mr Mrdak—I will take that on notice.

Senator RYAN—I have a final question. Minister, it is probably more appropriate to start with you. Have you or anyone who has presented to us so far today and is likely to present to us later in the day had any media or presentation training or coaching this year from an external trainer?

Senator Faulkner—Thank you for asking me that question, Senator. I thought it would be patently obvious that I have not had any media training—

Senator RYAN—But you are very photogenic.

Senator FIFIELD—Senator Faulkner tends to give it. He is the instructor.

Senator Faulkner—I can assure you that I have had no media training. I cannot speak for my colleagues. Let me check. We are not aware of any such training in the Department of Prime Minister and Cabinet. But Mr Mrdak will check for all others except myself; I can be categorical.

Senator FIERRAVANTI-WELLS—Minister, I would like to follow up on some questions that were asked on the last occasion in relation to staff in the Prime Minister's office. I am careful to ask it now in PM&C after I was suitably reprimanded that it was not done in this section. Can I take you to answers to questions. I had been asking questions about the staff list that had emanated allegedly, we were told, from the Prime Minister's office. The department replied that you could not confirm the veracity of this unsourced document. Do I

take it that in future, unless it is in the *Government Directory*, we should not take any notice of anything that emanates from lists from ministers' offices? Is that the case? We were told it was a document that came out of the Prime Minister's office.

Senator Faulkner—I would not draw such a conclusion.

Senator FIERRAVANTI-WELLS—Notwithstanding that a document emanated from the Prime Minister's office, you have answered that you could not confirm the veracity of this unsourced document. I just put that on the record.

I asked specifically on the last occasion about the duties of the Prime Minister's travel assistant, Jeeves as he became affectionately known. I was very concerned to ascertain from you his specific duties. I am pleased to see that you did reply or the department replied by telling us that he provides assistance with paper flow management, gifts and invitations and his duties are determined by the Prime Minister's chief of staff. That was interesting. I noticed that Mr Fisher travelled with the Prime Minister. I was interested to see where the travel assistant had stayed, particularly in relation to the Prime Minister's overseas visit to the US, Belgium, Romania, the UK and China. I noticed that the answer that was provided to me was that the travel assistant stayed at non-commercial accommodation with the Prime Minister on that occasion. My question to you is, because so much was made on the last occasion in estimates in denying that he was a butler or valet or other form of assistant, what sort of paperwork, paper flow management, gifts and invitations would this travel assistant be required to undertake that required him to stay at our residences in Beijing, New York and Washington? If he was not performing the sorts of duties of butler that we were alleging on the last occasion, what other duties would he have been performing that required him to stay at our residences in Beijing, New York and Washington? I would not otherwise have raised but for the fact that so much was made on the last occasion—

Senator Faulkner—By you, Senator.

Senator FIERRAVANTI-WELLS—Well, by you, Minister. It was simply agreeing to Senator Ronaldson saying—

Senator Faulkner—Always a risky business, I have found; I am very reluctant to do that.

Senator FIERRAVANTI-WELLS—that this person was basically a butler. On your own evidence it is very clear, certainly on that overseas occasion. I will not even take you to the information that was given in response to his travel and where he goes. It is very clear that he travels very regularly with the Prime Minister and stays overnight in places where the Prime Minister is. Do you still hold to the ferocious denials of the last occasion that this guy is not in fact a butler?

Senator Faulkner—My reticence in agreeing with anything that Senator Ronaldson says has left me in pretty good stead on this committee—

Senator RONALDSON—I think that you are all the poorer for it.

Senator Faulkner—I suppose you do think that. I am very comfortable in taking a very cautious approach indeed to what is said to me. The executive assistant that you refer to in the Prime Minister's Office—

Senator FIERRAVANTI-WELLS—Your answers to estimates referred to ‘travel assistant’. Why don’t we compromise on ‘travel assistant’?

Senator Faulkner—What I would say to you, Senator, is that you would know, I am sure, that in relation to ministerial and for that matter shadow ministerial staff, you have offices, the Prime Minister’s Office, for example, made up of people who provide a range of services—from policy advice, political advice and administrative assistants. As I say, it is a skills set I think that we all understand. It is fair to say that it is a skills set that is reflected in the Leader of the Opposition’s office, in ministerial offices and in shadow ministerial offices and the like. You have outlined what the executive assistant does. We have administrative staff arrangements in the Prime Minister’s Office, which include an executive assistant who undertakes the roles that you have outlined. I would suggest to you that it is a totally unremarkable arrangement.

Senator FIERRAVANTI-WELLS—I am interested because your answer says that it was the Prime Minister and the travel assistant who stayed at the residences. Look, I appreciate that, Senator Faulkner, but the point is that the paperwork that has now been provided to us confirms what we were asking about on the last occasion—that this Prime Minister—the sheer arrogance of the man—was trying to deny the existence of the butler and here he is. He is travelling around the world; staying at residences for what other purpose? That was the point that I was making. What sort of paper flow management, gifts and invitations does he assist with if he is not acting in the duties of a butler by staying with the Prime Minister in our residences overseas. It is pretty simple. That is really the point.

Senator FORSHAW—Why do I think that you know so much about butlers, Senator Fierravanti-Wells? You are a bit of an expert on butlers.

Senator FIERRAVANTI-WELLS—I certainly do not have a butler—

Senator FORSHAW—You obviously have a lot of contact with butlers—

Senator FIERRAVANTI-WELLS—but the Prime Minister does.

Senator FORSHAW—swanning around down at Lake Illawarra with your butler.

Senator FIERRAVANTI-WELLS—I really wanted to make that point.

Senator Faulkner—Just so that I am clear, which particular question—

Senator FIERRAVANTI-WELLS—I asked questions about the travel assistant.

CHAIR—And the minister is trying to answer.

Senator FIERRAVANTI-WELLS—No, the minister asked me a question.

Senator Faulkner—I am just trying to ascertain whether you are referring to question PM 156D. Is that the one that you are referring to?

Senator FIERRAVANTI-WELLS—I am referring to a series of questions. I am referring to F19 and F20. I am sure that they will make for interesting reading for you, Minister.

Senator Faulkner—Fine. I have in front of me PM156d, which is where you asked if the travelling assistant for the Prime Minister stays at the same place as the Prime Minister. The answer provided was:

There was nobody with that title travelling with the Prime Minister.

Senator FIERRAVANTI-WELLS—Well isn't that a cute answer.

Senator Faulkner—No, it is an accurate answer. You may consider it cute but I consider it accurate. The point being that the executive system that we have spoken about does have the broad skills set that you have outlined. I would say to you, Senator, that this is a skills set that is required by the Prime Minister, regardless of where he might be—whether he is in Canberra or away from Canberra.

Senator FIERRAVANTI-WELLS—It is very clear that he really requires the skill set provided by this gentleman, because he seems to spend a lot of time travelling around the countryside and the world with him—

Senator RONALDSON—Doing as we said he was.

Senator FIERRAVANTI-WELLS—Doing what we said he was.

Senator CORMANN—My question relates to the last COAG meeting on 2 October in my home state of Western Australia. I have no doubt that the Prime Minister and all of the eastern state premiers would have enjoyed Western Australian hospitality! But specifically I am focused on the agreement that was reached to bring forward the next COAG meeting to 17 November to finalise the National Health Reform Agenda and the next Australian healthcare agreement. My opening question is: are you confident of meeting that deadline of 17 November to finalise the next Australian healthcare agreement and to finalise the National Health Reform Agenda moving forward?

Senator Faulkner—If you can bear with us for a moment, we will just get some relevant officials for you, who I suspect are in the next room. Ms Wilson and Ms Cass are going to assist us here.

Ms Wilson—Work is on track for all of the national agreements that are to be considered by COAG on 17 November across the health and ageing agenda, the education productivity and skills development agenda and the other elements of the reform agenda.

Senator CORMANN—I specifically refer you to the Prime Minister's pre-election commitment that he would take to a referendum a takeover at the Commonwealth level of the running of our 750 public hospitals if the states fail to lift their game on hospital performance by the middle of next year. Have you done any work around putting some frameworks and definitions around the sort of benchmarks that would indicate failure or a sufficient lifting in performance?

Ms Wilson—All of the national agreements will have benchmarks in them for performance, including the national healthcare agreements. They are currently being developed and negotiated for COAG's consideration.

Senator CORMANN—So the next COAG meeting is essentially just over six months before the deadline is reached, by which time the states will have to have met the required lifting of their performance, but you have not put out there or published the sort of definitions or benchmarks that states would have to reach for us to be able to ascertain whether they had met those performance expectations or not?

Ms Wilson—The healthcare agreements, as I indicated, will include performance targets. In addition there are a range of election commitments that had specific performance benchmarks to be met in relation to specific elements of health services.

Senator CORMANN—So when will those performance benchmarks actually be made public?

Ms Wilson—When the national agreements are made public, I would anticipate that they would be made public.

Senator CORMANN—That is towards the end of this year. Is that when it will be?

Ms Wilson—I would anticipate that the national agreements will become public documents when COAG has agreed them.

Senator CORMANN—But I refer again to the pre-election commitment. It is still on the Prime Minister's website:

... if significant progress toward the implementation of the reforms has not been achieved by mid-2009, the Government will seek a mandate from the Australian people at the following federal election for the Commonwealth to take financial control of Australia's 750 public hospitals.

At this stage, from what I am hearing you say, you are not quite sure whether you will be able to publish the performance benchmarks and targets by the end of the year. If they are not published then we have less than six months to judge whether the states are able to meet those targets before a fundamental decision like taking over the running of public hospitals is put to a referendum. That seems like a very tight timeframe, does it not?

Ms Wilson—Senator, COAG is the entity that makes the decision on what it publishes in respect of the reforms that are in front of them, and I would anticipate that it will make decisions in November when it considers these agreements as to what elements of the agreements, if not all of them, are public.

Senator CORMANN—Are you doing any work within PM&C, and I am not so much interested in broader COAG dynamics, I am interested in the context that there was a commitment made by the Prime Minister to make a decision in the middle of 2009 as to whether significant enough progress has been made toward the implementation of the reforms. Have you put together any documentation, any definitions, as to what 'significant progress' would mean from the Commonwealth's point of view? In the middle of 2009 just over six months after the COAG meeting, how will you know whether we are going to put this to a referendum or not?

Senator Faulkner—The officials at the table cannot respond to that particular question because it goes to the nature of policy advice and, as you would appreciate, that is off limits here. We will try to assist you wherever we can relating to the process issues surrounding COAG—

Senator CORMANN—With all due respect, Minister, I disagree. I am not asking about the content of policy. I am asking about the process. A policy commitment was put out there by the Prime Minister before the election which is very specific. I am asking the officials whether they have assisted the government, whether they have assisted the Prime Minister, to put some benchmarks and processes around that particular policy announcement to ensure

that it can be implemented if that is what the government decides to do. How will the Prime Minister know in the middle of 2009 whether or not insufficient progress has been made? What are the sort of targets that the department has put together for it? Have targets been put together? When are they going to be released?

Senator Faulkner—Senator, beyond what officials have told you about the development of targets, I am sorry, but there is no further detail on that that can be provided for the reasons I have outlined, which I am sure you would understand given the longstanding precedents of the way these committees work on these issues. We will do the best we can. We will strive to answer all the process questions we can. But in terms of advice to government, that is something we cannot delve into and we will not delve into.

Senator CORMANN—I am not looking for advice to government. I just note that to date no targets have been publicly released. The answer I have just received is that officials are hopeful that those targets might be able to be released by the end of the year but that is not certain—correct me if I am summarising it the wrong way. I note the Prime Minister's pre-election commitment that, if significant progress towards the implementation of the reforms has not been achieved by mid-2009, the government will seek a mandate from the Australian people at the following election to take financial control of Australia's 750 public hospitals. So putting all of that together I note that there is at best six months in which to judge whether sufficient progress has been made.

In that context, has any of the states and territories asked for additional funding to compensate for the impact of the Medicare levy surcharge measure at the COAG meeting on 2 October?

Ms Wilson—No, Senator. My understanding is they have not.

Senator CORMANN—Is this something that is being discussed at an official level in the lead-up to the 17 November COAG meeting?

Ms Wilson—In the lead-up to the November COAG meeting there are various options under consideration and development that will be negotiated that go to the level of funding for the health care agreements and other reform proposals. But there has not been the issue that you have identified specifically raised in that context that I am aware of.

Senator CORMANN—Are you discussing at present in any way, shape or form at an officer level additional funding to compensate for the impact of the Medicare levy surcharge legislation?

Senator Faulkner—Senator, same problem with that question. Unless you can rephrase it in a way that enables officials to answer, I am afraid we will have to, in cricketing parlance, let it go through to the keeper.

Senator CORMANN—Has anybody raised with you concerns about \$2.5 billion in funding that would otherwise be available for hospital treatment leaving the health system as a result of the Medicare levy surcharge measure?

Ms Wilson—As I mentioned, in the meetings in which I have participated on development of the health care agreement and I attend the health and ageing working group meetings

which are chaired by Minister Roxon and have representatives from the states and territories, that issue has not been raised.

Senator CORMANN—All of the state and territory health ministers at various times have raised concerns about the impact of the Medicare levy surcharge measure on public hospitals. I find it very hard to believe it is not something that has been discussed at all. Can we maybe go broader than the meetings that you have attended? Can I maybe put it on notice as a question—

Senator Faulkner—You cannot ask officials to do that. You cannot ask them to go broader than meetings that they have attended.

Senator CORMANN—No, what I am saying is can I ask as a question on notice whether any PM&C official has participated in meetings with state and territory government officials at which the issue of flow-on implications for state and territory public hospitals was raised and any requirement for additional funding to compensate for the impact of the Medicare levy surcharge measure.

Senator Faulkner—I will certainly take the question on notice for you. Whether we will be able to provide a very fulsome answer, I simply do not know. I have outlined to you some of the constraints under which we operate but I will certainly see what can be done to provide a response to that question on notice for you.

Senator CORMANN—Thank you, minister. Just to conclude: your government is currently considering putting to the Australian people the takeover of the running of public hospitals in Canberra at a time when you are actually taking \$2.5 billion worth of funding out of the health system. I believe you are setting them up for failure. I am concerned if this is not an issue that is being raised at COAG in the lead-up to the next COAG meeting which is supposed to set the national health reform agenda moving forward. I conclude with that, Madam Chair.

Senator Faulkner—That is always a viable tactic at estimates committee to end with an editorial comment, so congratulations on that. I have taken the substantive question you have on notice to see if there is any information that can be provided to you. But at the end of the day the political point that you made—this is really not a forum for that but we will assist you in trying to get an answer to the substantive question.

Senator CORMANN—This is the forum, because the next COAG meeting will deal with the national health reform agenda moving forward. There is a proposition on the table put as a pre-election commitment that if certain targets have not been met by the middle of next year—so just over six months after the next COAG meeting—then the Commonwealth might well put to the Australian people taking over the running of state public hospitals. What I am asking you and what I have not received an answer to is: what are those targets? How will you know whether the states and territories have failed to get their act together in terms of the running of state public hospitals? What I am noting is that you are giving them less than six months time to actually meet the performance targets which to date have not been defined. I guess I am a bit surprised that that is the situation we are in.

Senator Faulkner—We have answered what questions you have asked that we are able to answer today. We have taken another substantive question on notice for you. You understand

the constraints that operate here. I merely make the point to you that given time constraints as well we probably have not got a great deal of time to get involved in too much political argy bargy about this. I note your editorial comment and I say in response the substantive issue will come back to you if we can provide any further information.

Senator CORMANN—Thanks, Madam Chair.

Senator BOSWELL—The government has been approached by prominent Victorian church leaders, including the Archbishop of Melbourne, with concerns that the Victorian Abortion Law Reform Bill 2008 breaches the International Covenant on Civil and Political Rights to which Australia is a signatory. The leaders wrote to the Prime Minister asking that he act on the legal advice provided by former Federal Court justice Mr Neil Young QC and by human rights barrister Mr Peter Willis. Has there been a formal response from the Prime Minister to these church leaders?

Senator Faulkner—Senator, I do not know—

Senator BOSWELL—Well the question was not asked to you. It was asked to the officials—

Senator Faulkner—No, but it is directed through me—I assume the usual courtesy—so I am now checking for you. I am indicating to you that I do not know. I will now establish if any of the officials are able to assist you. Senator, I am sorry, officials do not know so we will need to check that for you and take that on notice.

Senator BOSWELL—I will ask a series of questions and you can take them on notice. Did the department consider the legal advice provided by Mr Neil Young and Mr Peter Willis that found the Victorian bill was inconsistent with the human rights obligations set out in the ICCPR on this issue of conscientious objectors? You cannot answer that one?

Senator Faulkner—I suspect you are going to find, given the officials did not have any knowledge of the primary question you asked that it is going to be difficult to answer them.

Senator BOSWELL—I will just put two other questions.

Senator Faulkner—Yes, sure.

Senator BOSWELL—Has the department prepared or sought legal advice on this issue; and, if so, will the department release this advice? Has the Prime Minister's office taken steps to ensure that the Victorian legislation is consistent with the International Covenant on Civil and Political Rights?

Senator Faulkner—Thank you, Senator. All we can do in this circumstance, because none of the officials nor I have knowledge of this, is take them on notice and provide responses.

CHAIR—Senator Boyce, can I just remind senators that we will be breaking shortly for afternoon tea.

Senator BOYCE—This is a couple of questions and I suspect I may not have much more success than Senator Boswell but I do not know where else to ask these questions. Senator Faulkner, I am sure that, like me, you receive quite a lot of correspondence from people about cult activity, with families being split apart by it and whatever—

Senator Faulkner—Some, but I would not have said a lot, to be honest.

Senator BOYCE—Perhaps Queensland is more active in this area than other places.

Senator Faulkner—Perhaps.

Senator BOYCE—In that there is nowhere that I can see where this issue could be handled: is PM&C the correct area to be inquiring about what the government is doing about cult activities or what monitoring they have of it?

Senator Faulkner—One thing I have always found with PM&C is that, if you take an issue to them, they will find the right place to go, but whether they are the right place is a very different issue. I do not know if Mr Mrdak can help us there.

Mr Mrdak—I am not familiar with representations or issues being raised in our portfolio but, if I can, I will take that on notice and come back to you about which portfolio within the Commonwealth it should be raised. It may well sit in the Attorney-General department. I will take that on notice and come back to you.

Senator BOYCE—I ask it here rather than in that context because often the issues are not legal issues—they are issues of how you legislate to stop people freely participating in something that they then find abhorrent and lose their family contacts over. The problem is of course that, whilst people would like legal action taken about this, there is often no way we can. Certainly it is a very complex issue. It is very hard to see how you would legislate without affecting human rights. But I consistently have inquiries brought to me; some were covered on *Four Corners*—for example, the Brisbane Christian Fellowship and the issues suffered by people who were formerly members of that group. So how can we look at these issues?

Mr Mrdak—In the first instance, I will endeavour, during the break for afternoon tea, to identify which area of the Commonwealth deals with these issues more regularly and try to get you that answer quickly. Subsequent to that, on notice, I will try to give you a more detailed answer in relation to how these questions are being dealt with. But we do not have the knowledge of that here, I am sorry.

Senator BOYCE—That is all right. Thank you.

CHAIR—Are there any further general questions?

Senator FIERRAVANTI-WELLS—Can I just ask some questions, Mr Mrdak, in relation to other companies. At the last estimates hearings I think you indicated that there would be some sort of evaluation undertaken in relation to 2020 contracts, both—if I understood it correctly—the direct source contracts and the tendered contracts. Indeed, in answer to question PM95, you actually indicated that PM&C had commissioned an external firm to undertake a compliance audit of the Australia 2020 Summit procurements, which we anticipate at the end of the 2007-08 financial year, and indicating that an external legal provider was engaged to provide services but that their role did not include a review of individual contracts or tenders. Where are we at with that?

Mr Mrdak—Following that estimates hearing, we initiated—through the department's audit committee, which I chair—an internal audit review of all of our 2020 contracts. That was undertaken by Acumen Alliance, our internal audit contractor—now renamed Oakton, following some recent corporate restructuring. That report was received in June this year and

has been provided to the audit committee. That examination identified a number of issues with some of our 2020 contracts. In particular, it identified some breaches of the FMA regulations in relation to the operation of reg 9 approvals. This is a statutory approval process that was undertaken where officers had not fully complied with the FMA regulations. Those breaches of the FMA have been reported in our required FMA reporting certificate which the secretary signed along with our annual financial statements this year. So there were breaches of the FMA regulations, which we have identified, and corrective action has been taken to ensure those breaches are not repeated in relation to future contracts. Additionally, the auditors recommended a number of measures in relation to improved systems and advice to our officers on how they undertake procurement, particularly in relation to FMA obligations. They also identified a number of areas for improvement in terms of how we determine, pro forma, advice for our officers in relation to procurement. So the end result is that all of that has been acted upon via our audit committee, and we are putting in place improved processes for our procurement operations inside the department.

Senator FIERRAVANTI-WELLS—Are we going to get a copy of this?

Mr Mrdak—I am happy to take that on notice.

Senator FIERRAVANTI-WELLS—Thank you. Given the extent to which this issue has been canvassed—and not only in relation to CMAX; clearly there have been other discrepancies—I think it would be appropriate if the report could be tabled to this committee.

Mr Mrdak—Certainly; I will take that on notice. Subject to the normal clearance processes, including with our internal auditors and the audit committee, I do not see a reason why we would not provide the report to the committee. As I said, the report did not find issues per se with the way in which we had undertaken various forms of procurement in terms of the choice of procurement methodology, but did find that there were a number of instances where we had not fully complied with the FMA regulations in relation to a number of contracts.

Senator FIERRAVANTI-WELLS—Did that include, for example, this: in the answers to questions on notice you provided details in relation to the tendered contracts. In relation to the direct source contracts—and that was PM158D—there is a list that was provided to me. You might, if you can, just get that list up.

Mr Mrdak—Yes, certainly. This is PM120.

Senator FIERRAVANTI-WELLS—PM158D?

Mr Mrdak—Yes, I have got that.

Senator FIERRAVANTI-WELLS—I noticed that there were certain contracts—for example, with Zoo Communications—and I assume that, as part of that audit, you went through all the direct source contracts that were engaged and that you looked at whether there had been discrepancies in relation to any of those.

Mr Mrdak—That is correct. The auditors looked at the direct source contracts, those which went to select tender and also those which went to broader tender. So all categories of contracts for 2020 were looked at, and the auditor found 10 instances in relation to which reg 9 approval was not obtained for the full authorisation. As you would be aware, under the FMA regulations there is required to be an FMA reg 9 approval issued by the delegate prior to the

entering of the contract. In a number of instances that did not take place. Officers relied on what is called a reg 12 approval, believing that that was sufficient. The auditor has identified that that was incorrect action on our part—has not identified issues with the procurement itself, but certainly issues in relation to the documentation: the selection of firms under reg 9 and reg 12.

CHAIR—We can continue this after our break. We will resume at four o'clock.

Proceedings suspended from 3.46 pm to 4.03 pm

Senator FIERRAVANTI-WELLS—Mr Mrdak, I notice that those companies—the companies like Zeepod Productions—did the design work for logo changes. Could you take on notice whether they were on the previous government's list or they have just now become a new provider?

Mr Mrdak—I will check that.

Senator FIERRAVANTI-WELLS—You can take all this on notice, if you like.

Mr Mrdak—Ta.

Senator FIERRAVANTI-WELLS—I noticed the main person in that company is Stephanie Werrett, who has some interesting connections with my favourite organisation, the ABC. So I am very interested to know about that—

Senator CAMERON—The AVCC?

Senator FIERRAVANTI-WELLS—Senator Cameron, you will know about my interest in the ABC. The other company I am particularly interested in is Zoo Communications, which of course did graphic design work—a company owned by Mr Singleton. Again, I would be interested to know whether they are one of the new providers or whether they have been on the list for some time.

Mr Mrdak—In relation to Zeepod, I will take that on notice. The department has a standing offer, which I understand runs until 2010, with ZOO Communications. It is in place for three years; it was put in place last year.

Senator FIERRAVANTI-WELLS—I have some questions in relation to contracts. One was published on 20 June. You might like to take this on notice. It was with the Department of the Prime Minister and Cabinet and it was in the national planning services category. It is a contract for a year, June 2008 to June 2009, for \$50,000. Again, it is by direct procurement but the supplier's details are a mystery—Geoff Mulgan. He was director of the UK Prime Minister's strategy unit. Given Mr Mulgan's history, I am interested in the nature of the services that he has been engaged to provide in Australia which are described as planning and support services?

Mr Mrdak—I can provide some information now.

Senator FIERRAVANTI-WELLS—Thank you.

Mr Mrdak—You are correct. Mr Mulgan was contracted by the department in June this year, under essentially a labour hire contract. He has been engaged to provide two categories of work for us. The first is to provide advice on the establishment of the Strategy and Delivery Division, which commenced on 1 July. That reflects, as you say, the ultimate United

Kingdom's development and strategy unit for former Prime Minister Blair. He provided advice—

Senator FIERRAVANTI-WELLS—Is this a quaint term for spin? I am trying to understand precisely what it is that he is going to do here.

Mr Mrdak—He was engaged to provide us with some advice on how we should structure and establish the strategy division.

Senator FIERRAVANTI-WELLS—This is a new division?

Mr Mrdak—It is a new division which was announced in the budget by the government. Its resources have been provided to the department to establish a strategy division, which is to look at longer-term strategic issues for the government and also to look at implementation issues in relation to government initiatives. That unit commenced formally on 1 July. Mr Mulgan was engaged in June to provide advice both in terms of the establishment of that unit and how it should operate—the structure and the like—and in terms of some of the key issues in the government's response to the 2020 Summit.

Senator FIERRAVANTI-WELLS—Do you mean that big document that was published by Professor Glyn Davis—the outcome of the 2020 Summit?

Mr Mrdak—The final report of the summit was published by the Department of the Prime Minister and Cabinet on 31 May and the government has undertaken to respond to that document by the end of this year. Mr Mulgan is providing advice in relation to that response. As I said, most of his work has been around the establishment of the Strategy and Delivery Division.

Senator FIERRAVANTI-WELLS—You mean strategic beyond a 24-hour media cycle! Why was it a direct-source contract?

Mr Mrdak—Mr Mulgan is in Australia as the Adelaide Thinker in Residence in 2008 and his availability in Australia for periods enabled us to access his expert skills. So we took advantage of him being in Australia for periods to actually draw on his expertise and knowledge. Hence, we put in place a direct-service agreement with him for that.

Senator FIERRAVANTI-WELLS—Has he produced anything since he started?

Mr Mrdak—He has provided advice to us in the department. He has met on a number of occasions with senior departmental officers and provided advice to us in relation to the establishment of the division.

Senator FIERRAVANTI-WELLS—Are you able to provide us with further details of that?

Mr Mrdak—If there is anything further I can add to that, I certainly will.

Senator FIERRAVANTI-WELLS—We might look to another direct source contract. This one was published dated 29 May for a short contract period. It was an organisation for consultancy services. The supplier is HBA Consulting and the founder and I think the principal of that is Des Heaney, who I understand is an industrial relations consultant and a former secretary of the Australian Theatrical Amusement Employees Association and certainly also has links with other union organisations. Could you explain to me again the

need for a direct source contract and what are the specific terms of this? What is it that he is going to do?

Mr Mrdak—That work has been concluded. Mr Heaney and his firm, HBA, were engaged for some additional work. They were contracted last year by the department to assist in the preparation of the department's collective agreement and they provided specialist industrial relations advice in relation to that and assisted the department's negotiation with its staff on the collective agreement last year. It was put in place in September 2007. I engaged that firm subsequently this year because we were looking at the issue of how we implement the government's employment framework, particularly in relation to the large number of Australian workplace agreements which were in place in the department. We were in a rather unique situation this year that all of our Australian workplace agreements expired on a single day, 30 September. We felt that we had to quite urgently get advice and to structure a process in accordance with the government's employment framework to transition our staff off AWAs onto either the collective agreement or, in relation to SES staff, onto the Public Service Act section 20.4 determinations. So that firm provided advice to me and the executive in relation to the options available under the existing workplace arrangements to start the process of work in relation to our AWA transition. I went for direct source, first, because they had experience of the industrial relations environment in our department; they had worked on our collective agreement previously so had a good knowledge of our collective agreement; and, secondly, we needed some advice fairly urgently earlier this year in May-June which would enable us to start the transition quickly from our AWAs onto the collective agreement.

Senator FIERRAVANTI-WELLS—Is his advice available?

Mr Mrdak—He provided advice to us in relation to options, yes.

Senator FIERRAVANTI-WELLS—I would be interested to see that.

Mr Mrdak—I will take that on notice.

Senator FIERRAVANTI-WELLS—On the last occasion we discussed the issue of the rather unusual arrangements that had been put into place for the reimbursement by the Prime Minister of the services of the assistant at the Lodge, otherwise known as the nanny. You explained to us this rather complicated process whereby the Prime Minister reimbursed a portion, if I understood correctly, of about 40 per cent and any other additional amount. We were interrupted by other things happening, so I do not think that the question that I actually asked was picked up on notice. I refer you to pages 50-51 of the estimates transcript on the last occasion. I was asking about the cost of the time and effort that you as the deputy secretary had to go through to give effect to this unusual arrangement. I think you had just completed explaining to Senator Minchin the framework of what was going to occur. I was really trying to get to the bottom of how much this actually costs per month, if I understood correctly, or per whatever the period is that this reimbursement occurs.

Mr Mrdak—In terms of costs of departmental resources.

Senator FIERRAVANTI-WELLS—Yes. It must be quite expensive for you as the departmental secretary to go through this process on a monthly or bimonthly basis or however regularly it does occur. I mean, a deputy secretary salary would not be cheap.

Mr Mrdak—I would not want to get into that argument! But I am very fortunate in being assisted by some very good people in our official establishments area who do this analysis work for me. I can certainly take it on notice.

Senator FIERRAVANTI-WELLS—Could you go back to that exchange, please, and take on notice the actual cost that it takes on a monthly or bimonthly basis for this calculation to take place and for the reimbursement to occur.

Mr Mrdak—It would not be a large amount of resourcing in the sense that we have established a system. As I indicated, the Prime Minister announced earlier in the year that he reimburses 60 per cent of the salary costs, including on-costs and the like, and 100 per cent of any overtime or additional allowances. We work from the time sheets that are submitted and then calculate the amount of payment that is required to be reimbursed. I will take that on notice, but it is not a significant additional cost for the officers in our official establishment's area.

Senator FIERRAVANTI-WELLS—I assume that the nanny is still employed at the Lodge—

Mr Mrdak—Household assistance.

Senator Faulkner—There is no such person—

Senator FIERRAVANTI-WELLS—who undertakes child-minding duties.

Mr Mrdak—She undertakes a range of household duties.

Senator FIERRAVANTI-WELLS—She is still employed at the Lodge. That is the point—

Senator Faulkner—She is a household assistant, which you know well.

Senator FIERRAVANTI-WELLS—I will move on. I think we have covered the issues relating to overseas trips. Could you tell me about the community cabinet? On the last occasion we looked at the cost of community cabinets, and we focused on the cost of the Penrith meeting in particular. Could you advise me whether there are requirements for provision of identification? In other words, what is the process of registration for these community cabinets? I looked at some of these costs and I thought they were actually quite high, considering there was an inference that, because some of the venues were being held at state schools or in halls, they were perhaps not as expensive to hire as one would have otherwise thought. Could you advise me on that, because it seems that some sort of procedure occurs? I have been informed that you actually have to produce ID and go through quite a process to be able to attend. Is it the case that you have to submit your questions beforehand? Please enlighten me.

Dr Southern—When we open each community cabinet meeting for registrations, we ask people either to call us on a 1800 number or to register online.

Senator FIERRAVANTI-WELLS—So you call for expressions of interest—for want of a better expression—through the media?

Dr Southern—Yes, from people who want to attend the community cabinet meeting.

Senator FIERRAVANTI-WELLS—You put a notice in the paper. For example, in Penrith, you put a notice in the local Penrith newspaper.

Dr Southern—Yes. At that time we ask for their name and address and then register them as wanting to attend. We ask members of the public who also wish to have a one-on-one meeting with an individual minister what issues they would like to raise with that minister. This is so that the ministers can be briefed beforehand and they at least know the issues that they will be asked to cover. When people arrive on the day of the community cabinet meeting we ask them if they have pre-registered. We have lists of people who have pre-registered and we check their names against those lists. We ask to see their photo ID, and then they proceed through to the meeting. A number of people usually turn up on spec. They have not pre-registered with us. If we have room at the venue, we ask those people to provide us with details such as their name and address. We wait and make sure that the venue is not full and then, towards the end of the registration, if there is room in the venue we allow those people to enter as well.

Senator FIERRAVANTI-WELLS—As part of that registration process, do you do any security checks or anything like that?

Dr Southern—We work with the Protective Security Coordination Centre of the Commonwealth government and also with the local state police on security issues for community cabinet meetings.

Senator FIERRAVANTI-WELLS—How do you deal with the people who turn up on spec?

Dr Southern—We always have a local police presence at community cabinet meetings. We work with them on the day to ensure that people who are turning up are able to attend. There is usually a little bit of time to be set aside for those people to be considered. There have never been any problems.

Senator FIERRAVANTI-WELLS—Do you have set numbers per meeting or does that depend on the venue?

Dr Southern—It depends on the venue. We know how many people the venue can take. When we are taking the pre-registrations, we have on occasion had to close registration early because we have effectively filled up the venue. We know that on the day there will be a proportion of people who will not turn up, but it is usually not very high and so we have a sense of how many people we might be able to allow in on the day.

Senator FIERRAVANTI-WELLS—As part of that pre-registration process, is there any form of vetting? For example, do you check whether they have party affiliations or anything like that?

Dr Southern—No.

Senator FIERRAVANTI-WELLS—Thank you.

Senator BOYCE—How many people have failed the security check?

Dr Southern—Nobody.

CHAIR—Senator Ronaldson, did you have any more general questions?

Senator RONALDSON—I think Senator Trood had a very quick question, and I am happy to come in after him.

CHAIR—As long as they are in general, and then we will go to the outputs.

Senator TROOD—I heard Senator Fierravanti-Wells asking questions about community cabinets. May I ask some questions about that now or do you want to deal with those at another time?

CHAIR—No. Go ahead, Senator Trood.

Senator TROOD—This question has been asked and of course I will defer to earlier questions, but I gather there have been seven community cabinets to date.

Senator Faulkner—That is correct.

Senator TROOD—I wonder whether or not the department could provide the cost of those cabinet meetings to date. I was told in another Senate estimates committee this morning that the costs of community cabinets are actually being borne by the Department of the Prime Minister and Cabinet.

Dr Southern—We bear the direct costs of holding the meetings—venue and catering costs and what have you. We also bear the costs of travel for our own staff, and we bear the cost of the small secretariat which supports the community cabinet meetings. We do not bear the costs of officials from other departments attending or the costs of ministers who attend community cabinet.

Senator TROOD—Insofar as there are costs for ministers, they borne either personally out of their own entitlements or by their departments. Is that correct?

Dr Southern—As I understand it, the travel costs of ministers are picked up by the Department of Finance and Deregulation. The costs of officials from other departments who attend community cabinet are picked up by the relevant department.

Senator TROOD—Do you have the costs that PM&C have borne so far in relation to these cabinets?

Dr Southern—Yes, we do. I can read them out for each of the seven meetings that we have had. The cost of the meeting in Canning Vale in January was \$78,012; Narangba in Queensland was \$64,892; and Penrith was \$33,377. I just make the point here that we provided you with an answer to question on notice where we gave the figure as \$35,000 and a few extra dollars. That was the cost that we had at the time. It has actually come down a little in that time to \$33,377. The meeting in Mackay cost \$54,170; Yirrkala, \$74,895; and Adelaide, \$45,608. We do not as yet have the final figures for the most recent meeting in Newcastle. We pretty much have the final costs in for some of the later meetings, but they may vary slightly as we get in the final invoices.

Senator TROOD—There is a meeting in Launceston next month. Is that right?

Dr Southern—Yes, that is correct.

Senator TROOD—Are there other meetings planned for the rest of the financial year?

Dr Southern—Yes, there are others planned.

Senator TROOD—How many others are planned?

Dr Southern—For each year, we plan on having about one a month. That would be the basis on which we are planning with the secretariat, but decisions on the final venues for each of those are a matter for the ministers to make.

Senator TROOD—There is quite a differential in the costs of these meetings. Does that reflect largely travel costs?

Dr Southern—It is primarily travel costs, yes.

Senator Faulkner—You can imagine, for example, that Yirrkala is a very different venue for convening a community cabinet meeting than Penrith, which is less than half that cost. I am sure you can appreciate the significance of that.

Senator TROOD—Yes, I can appreciate that. I am grateful for that clarification. In relation to the forthcoming meeting in Launceston, can you provide any information about its costs to date?

Dr Southern—I would have to take that on notice. I do not have anything with me.

Senator TROOD—Perhaps if you could do that. I am interested in that. I gather it is the practice to advertise these meetings ahead of time in the local media. Is that correct?

Dr Southern—Yes. That has occurred on this occasion. In fact, registrations for Launceston opened this morning.

Senator TROOD—Is it the practice to provide advertisements in the local newspaper or something of that character?

Dr Southern—Yes, that is correct.

Senator TROOD—Do you have a breakdown of the costs involved in relation to that advertising?

Dr Southern—For Launceston?

Senator TROOD—In relation to all of the venues.

Dr Southern—Yes, I do. I do not have the Launceston costs with me, but I do have the breakdown for the meetings to date.

Senator TROOD—You have given me the aggregate figures in relation to all of these. I am sure you would need to do this on notice, but perhaps you could provide me with a breakdown of the costs in relation to each of the community cabinets—travel, accommodation, advertising et cetera.

Dr Southern—Yes.

Senator TROOD—And any costs that have been borne to date with regard to the Launceston meeting.

Dr Southern—Yes, will do.

Senator FIERRAVANTI-WELLS—Following on from that, looking at the venue costs, I assume at Penrith that the school billed you for usage of the facility. Is that the case?

Dr Southern—I believe so. Just let me go back to our answer to that question.

Senator FIERRAVANTI-WELLS—No, you have just set out ‘venue costs’ at \$2,199.

Dr Southern—I would have to confirm that, but I am fairly confident that with each of the schools that we have used there have been costs associated with cleaning contracts and those sorts of things.

Senator FIERRAVANTI-WELLS—One other set of questions that I wanted to ask is in relation to your answer to me on PM58: ‘Guest list and costs for all official functions in 2008’. I notice that you provided me with details in relation to seven functions ranging from 6 January to 18 April. You did not provide me with details in relation to the New Year’s Eve function. Can you explain why New Year’s was left off? I did say ‘from the beginning of 2008’. It seems a bit cute to leave out New Year’s Eve.

Mr Mrdak—My understanding—I will check—is that that was not an official function in the same category. If you go back to the definition that the minister provided, official functions are generally those with which the ceremonial and hospitality area of our department is involved in terms of organisation. It reflects receptions for heads of state or those types of categories. I do not believe that the New Year’s Eve function fell into that category.

Senator FIERRAVANTI-WELLS—So it was a private function.

Mr Mrdak—It was a private function.

Senator FIERRAVANTI-WELLS—In that case, how many private functions have been held at either the Lodge or Kirribilli since 24 November 2007.

Mr Mrdak—It has been longstanding practice that details of private functions are not provided individually.

Senator FIERRAVANTI-WELLS—The previous government was criticised heavily because we did not provide details. So now we are providing some details but not all details.

Senator Faulkner—I made clear that there would be a change of practice, which has been honoured—previously, none of this information was made public. You would appreciate that for some reason or another the former Howard government seemed to play its cards very close to its chest on this. No details of costs or guest lists in relation to official functions, private functions—any sort of function—were made available. In the interests of transparency what the current government has done, as I indicated, is undertaken to provide this information in relation to all official functions. That obviously does not go to private dinners and things like that, as I think you would accept. It is a very different approach to the one that was taken by the previous government. But you have raised with me the New Year’s Eve function. Whether or not it fits the definition of being in 2008, I do not know, but one thing I do know is that it was a private function and Mr Rudd and Ms Rein met all the additional costs of that particular function.

Senator RONALDSON—Minister, if you are claiming openness and transparency, why would you differentiate between a public function and a private function?

Senator Faulkner—So every private dinner, family dinner or whatever, that is held in the Lodge or Kirribilli House we have got to provide details about.

Senator RONALDSON—This is a big New Year's Eve bash. So the openness and transparency gets covered off if the current occupants decide to pay the cost. That absolves any openness and transparency questions, does it?

Senator Faulkner—So you were dissatisfied, were you, with the way that Mr Howard dealt with this for the entire period of his prime ministership?

Senator RONALDSON—Look, if you want to play the poacher and the gamekeeper, that is fine, Minister. You are the one who argues that you have changed the rules. You have not changed the rules at all.

Senator Faulkner—We did. But you are now condemning the way Mr Howard approached this, because for every single function—official, private or any other categorisation—the costs were never made public, the guest lists were never made public. You are now condemning Mr Howard—

Senator RONALDSON—Attack is the best form of defence.

CHAIR—Senator Ronaldson—

Senator Faulkner—But what I am saying is that for every official function we will make public guest list and costs. That is very different to what Mr Howard did. It is grossly hypocritical to start bagging what your own government did less than a year ago when it was in office, for the whole period of the time it was in office, 11½ years. You can't have it both ways.

Senator RONALDSON—Minister, I appreciate you are getting tired. It is now half past four, but there is no reason to behave like that.

Senator Faulkner—I am not getting tired; I had been tired all day.

Senator FIERRAVANTI-WELLS—But you are irritable.

Senator Faulkner—And I am never irritable; you know that.

Senator RONALDSON—Madam Chair, as I was saying, Minister, you talk about openness and transparency, but what you are putting to this committee and the community is that if the Prime Minister pays for the cost he can have whoever he likes at Kirribilli without any accountability to the community at all. That is what you are saying.

Senator Faulkner—What I am saying to you is that for each and every official function held at the official establishments—

Senator RONALDSON—What about the private functions?

Senator Faulkner—this government will front up with guest lists and costs. That stands in stark contrast to the practice under Mr Howard, whose government you were a member of, who stumped up with the costs and the guest list of no function held at any time at either official establishment for the entire period of Mr Howard's prime ministership. So please do not come in here—

Senator RONALDSON—You have made your point.

Senator Faulkner—I have made the point, and hence I am saying that you really are being quite hypocritical if you are suggesting there should be even more efforts made by the current government—

Senator RONALDSON—You are being hypocritical. We could talk over each other for the next hour—

Senator Faulkner—Don't be ridiculous.

Senator RONALDSON—We will get to dinner and I suppose we can talk over each other after that.

Senator Faulkner—You can do what you like.

Senator RONALDSON—You are the one who went to the election with openness and transparency and, like so many other things with the Rudd government, when push comes to shove and you are put to the test, you just don't cut the mustard.

Senator Faulkner—That is garbage.

Senator RONALDSON—The reality is that if you were serious about openness and transparency it would not matter whether it was a private function or a public function at Kirribilli, you would actually publish the list of those who were there.

Senator Faulkner—We are making available and publishing the lists of all those who attend official functions at both Kirribilli House and the Lodge. This has not happened in 11½ years of your government—

Senator RONALDSON—Yeah, yeah, we have done that.

Senator Faulkner—We are making available the costs of those functions. That did not happen in the 11½ years of your government when in office. It stands in very stark contrast to what the Howard government did, and it is preposterous for you to suggest that this is not a massive step forward in terms of openness and transparency—

Senator RONALDSON—Why don't you go the whole hog, then?

Senator Faulkner—I do not know how you could have the gall to sit there and say that, given your own record. How could you possibly say it?

Senator RONALDSON—If it is a step forward, why don't you go the whole hog?

Senator FAULKNER—Why didn't you get up in the period when you were in office and make these grand statements and asked Mr Howard to do what the Rudd government has done in relation to these official functions? Why didn't you do that? If you think it is such a good idea now, why didn't you think it was such a good idea then? You were happy for it all to be covered up—

Senator RONALDSON—Openness and transparency depends on what the circumstances are.

Senator Faulkner—Every single function, all costs covered up, year in year out for 11½ years. That is exactly what you did.

Senator RONALDSON—The openness and transparency claims are just a massive joke. Now, I have a question in relation to coordination comments.

CHAIR—Can I just remind the committee members, with their enthusiasm, that Hansard are trying to record proceedings. If we continue to speak over the top of ministers or each other, it makes their job very difficult.

Senator Faulkner—I am very pleased that you have counselled Senator Ronaldson on that, Chair. I appreciate it.

CHAIR—Senator Ronaldson, you have the call.

Senator RONALDSON—We could start again, if Hansard were having trouble.

CHAIR—If you promise to go one at a time.

Senator RONALDSON—Before you all get started on this, it would be very silly if we got involved in this discussion about openness and transparency and lack of it again. I would like to turn back to the coordination comments. Mr Mrdak, you talked this morning about the longstanding tradition—and I will just very quickly go through section 5.4 of the *PM&C Cabinet Handbook*, fifth edition, March 2004:

The minimum requirement is that interested departments be given the opportunity to provide a ‘coordination comment’ on the submission *after* it has been approved by the sponsoring minister. That ‘coordination comment’ will then be included in the submission as an attachment. Two working days are to be allowed for the provision of co-ordination comments.

After a substantial grilling from Senator Fifield this morning, you indicated that it was suspended because of the Fuelwatch affair and that there was now a sort of de facto, under-the-table gathering of coordination comments. When will that investigation be finalised, and when will you return to longstanding good governance practice?

Mr Mrdak—As I outlined earlier, we have now concluded the two investigatory processes. The secretary made a public comment on the AFP investigation on 29 August. Our own internal review was also completed in July-August. We are now implementing a range of recommendations by both the AFP and our own internal processes. I am hopeful that we will complete the implementation of those additional security measures in the next week or so, which will enable us to recommence the PM&C’s provision of written coordination comments in the near future. As I answered previously, that has not impacted on other agencies’ provision of coordination comments or, in my view, the provision of advice to ministers by PM&C.

Senator RONALDSON—Do you accept that these coordination comments underpin proper advice to government?

Mr Mrdak—The coordination process is certainly, in my view, very important to the advice that goes to cabinet. However, as I indicated earlier to Senator Fifield, my view is that that process has not in any way been undermined or affected by this change while we ensured that our security processes were adequate.

Senator RONALDSON—So what coordination comments were provided on the Rudd government’s recently released financial stimulus package?

Senator Faulkner—Are you now asking for Mr Mrdak to provide detail of coordination comments to the committee? You know that that cannot and will not be done.

Senator RONALDSON—Why?

Senator Faulkner—There is no occasion in the history of the establishment of the Senate estimates committees when any coordination comments in relation to any cabinet submissions have been provided to an estimates committee.

Senator RONALDSON—I did not ask what they were; I asked whether they were given and, if so, which departments gave coordination comments, even under this convoluted new process, as input into the recently announced financial stimulus package.

Senator Faulkner—I have made clear what is longstanding practice, which you are well aware of.

Senator RONALDSON—Minister, normally those coordination comments would be there anyway, so I would not have to ask the question, but you have changed the system as a gross overreaction to someone leaking in relation to Fuelwatch. You have effectively taken away, I think, a coordination comment system that underpins appropriate advice. You have not replaced it. You have dragged it out, and now you will not even tell me what departments had input into this financial stimulus package.

Senator Faulkner—Mr Mrdak and I have previously given evidence at this estimates hearing that the evidence that has been provided to you in relation to a change in approach on coordination comments relates to coordination comments from only one agency, which is the Department of the Prime Minister and Cabinet.

Senator RONALDSON—Mr Mrdak, did any departments have input into the financial stimulus package, and were those coordinated comments, whether they were to you directly or in any other manner?

Mr Mrdak—All I can indicate is that central agencies provided advice to government, which has been publicly stated by the Prime Minister, the Treasurer and the Minister for Finance and Deregulation—that senior officials from the Treasury, the Department of Finance and Deregulation and the Department of the Prime Minister and Cabinet provided advice in relation to those matters.

Senator RONALDSON—Any other departments?

Mr Mrdak—Principally those three departments. Also, in relation to some of those elements of the package, there are other departments involved in providing advice, such as in relation to the provision of some of the additional pension payments and the like.

Senator RONALDSON—Will you take this on notice, Minister. Which departments actually had input into this financial stimulus package? I am interested to know, for example, whether Minister Pliberseck's department in relation to housing had any input to this. Why would you be pleading a change of system when it is quite clear that this is probably the most serious public policy decision that has been made for some period of time? And you are prevaricating about which departments actually had some input. I thought you would be bragging about the fact that a huge range of departments had input into this, rather than prevaricating and trying to avoid what is a very serious question.

Senator Faulkner—I am happy to take the question on notice, but I have indicated, Chair, to Senator Ronaldson that the change of approach that has been outlined in detail and earlier, while Senator Ronaldson was outside the room, in answer to questions—

Senator RONALDSON—I heard the comments, thanks.

Senator Faulkner—is a change that relates only to the Department of the Prime Minister and Cabinet. I stress that with you again, Senator. The changed arrangements relate to just the one agency.

Senator RONALDSON—Minister, your government will be judged by its actions and not by the spin in substance that you seem to be able to put on virtually any situation.

Senator Faulkner—I am very, very happy for the government to be judged by its actions—very, very happy.

Senator JACINTA COLLINS—On a point of order, Chair: are there questions happening here or commentary? Seriously, we have been through this period of questioning once already. Now we have a second round of the same questions and commentary.

CHAIR—Are there any further questions on the general area, Senator Ronaldson?

Senator RONALDSON—No, not in relation to the general matters, thank you very much, Chair.

[4.42 pm]

CHAIR—As there are no further questions on the general area, we will go to outcome group 1. Senator Bob Brown, I understand you have some questions.

Senator BOB BROWN—First, I just want to ask about the 2020 conference.

Senator Faulkner—Senator, we will just ask relevant officers to come to the table for output group 1.

Senator BOB BROWN—Thank you very much. Can you tell me what role Ms Linda Hornsey took in that conference?

Mr Mrdak—Ms Hornsey was appointed as the project director. She was the senior executive inside the Department of the Prime Minister and Cabinet responsible for the organisation and the administration of the summit.

Senator BOB BROWN—How was she appointed?

Mr Mrdak—She was appointed under a direct contract with the department to provide the summit. She was engaged under a short-term agreement, which from memory ran from around 8 February right through till the end of April this year, to organise and administer the development of the summit.

Senator BOB BROWN—Was the position advertised?

Mr Mrdak—No, it was not.

Senator BOB BROWN—Why not?

Mr Mrdak—Ms Hornsey was identified by the department as someone who was available and would be able to provide the senior management skills required. I understand that the

judgement was made because of her experience with a similar process in Tasmania—which I think was Tasmania Together, from memory, or a similar title.

CHAIR—That is correct.

Mr Mrdak—She had been involved in organising a similar consultative process around that document and that work for the Tasmanian government. She was contacted, and the department engaged her to be the project director because of her senior experience working with the Tasmanian government.

Senator BOB BROWN—Who recommended her?

Mr Mrdak—I indicated to this Senate committee at the hearings in May that Ms Hornsey contacted the government in relation to her availability and the department contacted her and had discussions with her in relation to her availability, and the decision to engage her was made by the department.

Senator BOB BROWN—How much was she paid for this contract?

Mr Mrdak—I will just check. We provided advice to the committee, and I will just get that in front of me: the total contract amount for Ms Hornsey was \$124,292.15. That included reimbursement for a number of expenses and provided for travel, accommodation, out-of-pocket expenses and her professional fees.

Senator BOB BROWN—What was the period from her engagement to the end of the contract?

Mr Mrdak—I will just check. The period of her engagement was from 8 February to 2 May this year.

Senator BOB BROWN—So basically a three-month appointment. Did she come with references?

Mr Mrdak—She was well known to senior officers in the department because of her long involvement with the Commonwealth in relation to COAG matters and her work as a senior officer in relation to inter-government matters. So she was well known to senior officers of the Commonwealth.

Senator BOB BROWN—But she made the first approach?

Mr Mrdak—That is my understanding. She indicated to the Australian government that she would be available and interested in assisting, and that was then followed up by the department.

Senator BOB BROWN—Thank you. The second question relates to that proposed cabinet and community meeting in Launceston. Will cabinet be visiting the proposed pulp mill site in the Tamar Valley?

Senator Faulkner—Not to my knowledge, Senator, but whether individual cabinet members do, I do not know. You would appreciate that when you have a community cabinet meeting cabinet ministers build around the meetings a schedule of appointments, so I cannot be categorical about this. There are no plans for the cabinet en masse to visit, if that is what you are asking—none that I am aware of.

Senator BOB BROWN—I presume that cabinet ministers are open to community invitation in that case if they are visiting and may visit—

Senator Faulkner—Cabinet ministers are always open to community invitations. I can assure you—

Senator BOB BROWN—Not always receptive though.

Senator Faulkner—That is true. You are not always able to accept all invitations that are received. But I can say to you as a cabinet minister that I receive a great number—I am sure other senators do too—of invitations. For example, most of the invitations one receives in a sittings week or a Senate estimates week you have to decline. You would have these same experiences yourself. You know what it is like. Of course you cannot always attend all the things you would like to attend, and we all have to say no from time to time. That is not unique to cabinet ministers because I am sure you have had the same experience yourself.

Senator BOB BROWN—I wanted to ask about the regional forest agreement which, as you will know, is an agreement signed originally by Prime Minister Howard and then Premier Rundle in November 1997, and then it was altered in February of last year by an amendment signed by Prime Minister Howard and then Premier Lennon. It concerns the matter of one of the most endangered species of birds in Australia, the swift parrot, currently nesting in Tasmania—it flies to the mainland in winter and spends over winter around here and from Toowoomba through to Adelaide. It crosses Bass Strait and nests only in coastal areas of Tasmania and feeds primarily on blue gum and black gum blossoms. It depends on where they are as to where it nests and it changes its siting site. But the parrot is down to 1,000 breeding pairs from much bigger numbers. Recent surveys on the mainland in winter indicate that there has been a 23 per cent slump just this decade in the numbers of this bird which is facing extinction. I am asking these questions because this agreement is one signed between the Prime Minister and the Premier and is only amenable to alteration at this end by the Prime Minister and nobody else, as it was altered at the start of last year by the then Prime Minister and the then Premier of Tasmania.

The intention at the moment is to continue logging in quite extensive areas where this bird nests in south-east Tasmania, although a temporary halt has been made at one coop in the Wielangta Forest, which was described in a Federal Court action which I took against Forestry Tasmania as one of the richest nesting sites that the scientists knew of. The intention by Forestry Tasmania, now publicly announced, is to halt logging while the bird nests and then to log the forest after they have left so that they will never go back to that forest and nest again. That is the elimination of that nursery. This is one of the most endangered species that there is in Australia. Clause 68 of the regional forest agreement says that ‘the Commonwealth and Tasmania agree that the application of management strategies and management prescriptions developed under Tasmania’s forestry management systems protect rare and threatened fauna.’ Is there a management regime in place for the swift parrot under this provision at the moment?

Dr Dickson—I can give you some bare information that we understand here, but the main carriage of this issue, as you know, is the Department of the Environment, Water, Heritage and the Arts. We understand there is a recovery plan that went from 2001-05 that is in place.

Senator BOB BROWN—That is true.

Dr Dickson—That is still in place and it is currently being revised. The details of what is being taken into account in that revision is something to ask the other department.

Senator BOB BROWN—But if I can just ask because the Prime Minister has ultimate authority here: if that plan went from 2001-05 and this is an endangered species, why is there no new plan in place?

Dr Dickson—I think that is a question you will have to direct to the department but, as far as I understand it, legally those plans are still in force until they are replaced by another plan.

Senator BOB BROWN—But those plans that are in force, as I said earlier, saw a quite catastrophic drop in the population of this species by 23 per cent. Under the agreement the provision states that a management plan was meant to raise the status from endangered to just vulnerable when in fact it has gone in the other direction. Is that a satisfactory position as far as the government is concerned?

Dr Dickson—As I said, you would really have to ask the department for the details of the factors that are being considered in revising the plan. I do not know the details of that. It is not something that PM&C gets involved in.

Senator BOB BROWN—Has the Prime Minister requested any information about the status of this particular Australian endangered species?

Dr Dickson—Has the Prime Minister been given information?

Senator BOB BROWN—No, has he asked for information?

Dr Dickson—No, not that I am aware of.

Senator BOB BROWN—No?

Dr Dickson—Not to PM&C.

Senator BOB BROWN—Has he been afforded any information about the species which is directly, as I explained, under his authority through the regional forest agreement? He is the ultimate minister who has carriage of the protection of this species through the regional forest agreement.

Dr Dickson—As you know, Minister Garrett is the minister responsible for the endangered species legislation—

Senator BOB BROWN—Can I just halt you there. What power does Minister Garrett have to alter the regional forest agreement?

Dr Dickson—Can I go back and finish my answer?

Senator BOB BROWN—Yes.

Dr Dickson—So those matters would be looked after by Minister Garrett. The reason that a Prime Minister would become involved is if there was any need to change the regional forest agreement and there would need to be a breach of that agreement. Under the agreement there is quite a significant series of steps that would go through before it got to the point of where the agreement might need to be changed which, as you said in the beginning, is when the Prime Minister and the Premier would need to consider that.

Senator BOB BROWN—There are two steps, aren't there? One is to notify that there is a dispute that the Commonwealth is concerned about this species. The second is under section 102 to withdraw from the regional forest agreement and then bring into play Minister Garrett's powers under the Environment Protection and Biodiversity Conservation Act if the Tasmanian authorities, as they are patently doing, were not taking action to protect the habitat and in particular the nesting site of this very threatened species.

Dr Dickson—But as far as I know we have not got to the first stage yet.

Senator BOB BROWN—But there is a breach of the regional forest agreement. Let me read it to you again. It states that the Commonwealth and Tasmania agree that the:

... application of management strategies and management prescriptions developed under Tasmania's Forest Management Systems, protect rare and threatened fauna.

And Forestry Tasmania has stated publicly in the last week that it intends to log one of the richest nesting sites for this species known after the current nesting season.

Dr Dickson—Sorry, I think the details of that you would need to pursue with the department. All I can say is that at this stage neither PM&C nor the Prime Minister is involved while these discussions are going on.

Senator BOB BROWN—You see, what I am very concerned about is that it may be that the Prime Minister has not been alerted to the fact that he has personal responsibility here. Under the Environment Protection and Biodiversity Conservation Act Mr Garrett has no direct responsibility because the regional forest agreement excludes Tasmanian forests from the reach of that act, and the regional forest agreement, which is committed to protecting rare and threatened species, is the direct responsibility of Prime Minister Rudd. Here we have the nursery of a threatened species. It has been announced that they are going to destroy one of the richest parts of that nursery after this breeding season. The only person who can take action on that under this arrangement is Prime Minister Rudd, and you are telling me that he has not been informed about it or has not asked for information about it. Can you tell me what other avenue of Commonwealth action there is to intervene on a declared intention by the Tasmanian authorities to destroy that nesting site and in the meantime log some 70 other coupes which are potential or real nesting sites for this species in this year?

Dr Dickson—The regional forest agreement sets up a process for the Commonwealth and the state of Tasmania to work through exactly those issues. That is the process that is being worked through at the moment between the relevant departments of the Commonwealth, which are the Department of the Environment, Heritage and the Arts and the Department of Agriculture, Fisheries and Forestry, and with their Tasmanian counterparts, both on the recovery plan and the management prescriptions.

Senator BOB BROWN—You mentioned a management plan from 2001 to 2005, which has patently failed. The figures are showing that the number of this species is dropping. There is no current management plan, although there ought to have been, from 2006. It is somewhere in the department but it has been repressed. It is not evident; it has not been drawn up. The Tasmanian authorities are logging up to 1,000 hectares of the nesting site of this bird—and there is nowhere else in the world where they nest—per annum. You know that and the department knows that. This is a nationally listed endangered species. The report from

Margaret Blakers et al today says that it should be listed as critically endangered, and you say there are processes underway. Can you tell this committee any single action that the Commonwealth has taken in the last 10 years to protect the nesting site of this endangered species in Tasmania?

Dr Dickson—The specifics of the swift parrot management I can not advise you on. I am not privy to those details. Again, it is really the environment department that would be able to talk about the specifics that are being undertaken for that species.

Senator BOB BROWN—What action in law can the environment department take to stop the destruction of the nesting sites, in Wielangta or elsewhere in south-east Tasmania, of this endangered species?

Dr Dickson—Again, I will go through the process whereby issues that arise during the regional forest agreement period are settled between the Commonwealth and the state of Tasmania.

Senator BOB BROWN—But remember I asked what action the department can take. We know what issues have arisen: they are destroying the nesting sites. The question I asked is: what action in law can that department take to stop the destruction of these nesting sites?

Dr Dickson—The processes under the RFA—and there is quite a sequence of processes, as you know; you have outlined them yourself—would need to have been gone through before you could end up at the point of a breach and a dispute and a change to the approach.

Senator BOB BROWN—Is there, besides the regional forest agreement, any legal avenue for the Commonwealth to intervene?

Dr Dickson—I think the processes are set out in the RFA and also in the EPBC legislation; they indicate quite clearly what the processes for intervention are, and there are quite a few steps to go through to get to that point.

Senator BOB BROWN—You are an expert in this field. Is there any other process under the EPBC Act, other than the regional forest agreement, through which the federal government can prevent the destruction of more of the nesting habitat of the endangered swift parrot?

Dr Dickson—The process is the one through the regional forest agreement.

Senator BOB BROWN—Only through the regional forest agreement?

Dr Dickson—Only through the regional forest agreement, yes—in relation to forestry activities in Tasmania. With other activities, obviously, the EPBC Act comes into play.

Senator BOB BROWN—By the way, what other action has been taken in law, if any—and you are now getting to non-forest, private lands—by the Commonwealth, watching the trajectory of this species towards extinction?

Dr Dickson—I cannot answer on the detail of that. There are a number of programs the Commonwealth has had over the years to support endangered species protection, including, I think, a private forest land conservation program as well as a number of other programs under environmental—

Senator BOB BROWN—I just want to go back again, now that we have established that only the regional forest agreement can provide a legal mechanism for the Commonwealth to intervene where the state is determined to log nesting sites. Who is the minister in charge of the regional forest agreement?

Dr Dickson—The minister in charge of the forest agreement is Minister Burke, the Minister for Agriculture, Fisheries and Forestry, in consultation with the minister for the environment.

Senator BOB BROWN—Who signed the regional forest agreement?

Dr Dickson—It was signed by the Prime Minister and the Premier.

Senator BOB BROWN—And who else could sign a regional forest agreement?

Dr Dickson—The current policy is that these agreements are signed between the head of the Commonwealth and the head of a state.

Senator BOB BROWN—Then which minister has the power to declare a dispute under the regional forest agreement and/or to withdraw from the regional forest agreement?

Dr Dickson—I am just trying to think through the details of the legislation. I do not think a dispute has to be declared. I think there is a series of steps. But, as to the detail of that process, can I refer you to the Department of Agriculture, Fisheries and Forestry on the detail of working through the RFAs.

Senator BOB BROWN—Mr Gageler, representing the Commonwealth in the Federal Court, said:

What it is, is an obligation not legally enforceable in clause 68, but subject to the sanction in clause 102—

which is withdrawal from the regional forest agreement—

if there is a serious breach. It is an obligation to adhere to requirements that are designed in their very design, in the original design and as amended from time to time, are intended to deliver an outcome.

And the outcome, as we have heard, is to protect rare and threatened species. Finkelstein J in the court said:

If a State doesn't satisfy its obligations under an RFA—

'State' meaning Tasmania or the Commonwealth—

by having these things in place, then you can't be doing it in accordance with an RFA, because an RFA has certain requirements imposed on a State.

Mr Gageler, for the Commonwealth:

Yes, that is right.

I again put it to you: what action has taken place within the office of the minister who has responsibility for the regional forest agreement—that is, the Prime Minister—to ensure that clause 68, which says 'protect rare and threatened fauna' is being adhered to in the case of the swift parrot?

Dr Dickson—We can give you some advice of what the process is—which I am sure that you are already aware of—in terms of working through the issues through the various

mechanisms under the RFA, including the current process of looking at the response to the review, which has been considered by the responsible departments in the Commonwealth.

Senator BOB BROWN—My information is the survey that was being done on the swift parrot on the mainland in winter, which was to establish its numbers, has been defunded; it is no longer being funded. Is that right or wrong?

Dr Dickson—I do not know. I cannot answer that.

Mr Mrdak—We will take that on notice, if that is okay. We will come back to you with a response as soon as possible.

Senator BOB BROWN—We have heard that the management plan for 2001-05 is still in place because the management plan for 2006-10 is not extant. Why is that the case?

Dr Dickson—You would have to ask the department of environment. They manage the recovery plan process.

Senator BOB BROWN—I just find it extraordinary that I am being told to ask a department which does not have the ability to intervene in a regional forest agreement—only the Prime Minister does. You are saying that he has asked for no information and has been given none. I ask you: will you draw this to the Prime Minister's attention as his specified responsibility through the Regional Forest Agreements Act, because there is no other avenue to protect the swift parrot from going to extinction and, in particular, to stop the logging of its very many limited nesting sites in Tasmania?

Dr Dickson—The ministers have the responsibility to work through those issues. If the issues can be settled to the satisfaction of the Commonwealth in terms of the protection of the species then there is no need to go any further.

Senator BOB BROWN—Okay. The ministers have the responsibility and 4,000 hectares of the very limited nesting forests of this species have been logged in this decade. What action have the ministers taken in that time to prevent that destruction, which is going to continue this summer, as this bird heads to extinction? Can you name one piece of action that any Commonwealth minister has taken to stop the deliberated process of this bird going to extinction that is being undertaken by the Tasmanian logging authorities?

Dr Dickson—We could undertake to get some detailed advice for you on the activities that have been undertaken for the conservation of the swift parrot, including that background information, and provide that to you on notice. We do not have those details here.

Senator BOB BROWN—I do not need that because I know that the assessment of the swift parrot has been defunded. The one person who has been working on it in the Tasmanian government has been transferred to other duties. Nothing is happening. Let me tell you: nothing is happening in terms of studying the process to extinction of this particular species. I am obviously, very obviously—and I am not the only one—extraordinarily alarmed about the complete breakdown of the Environment Protection and Biodiversity Conservation Act, which was hailed as a world leader in protecting a specific species which is internationally listed as endangered and which is having its nesting site rapidly eroded for a process which has plenty of other alternatives—actually it is to feed the export woodchip industry—and there has not been one piece of intervention by the Commonwealth. I am pointing out that the

Prime Minister is the only minister who can take action here. Prime Minister Howard in his last year of office and Premier Lennon altered the regional forest agreement as a means of assuring themselves that they were not vulnerable to the very line of concern that I am expressing to you now. I ask you: has Prime Minister Rudd reviewed the regional forest agreement in light of the threat to the swift parrot which logging in Tasmania is rapidly presenting and which is well known amongst scientists and people who are concerned about its plight, amongst that of other species?

CHAIR—Excuse me, before you answer that—

Dr Dickson—Sure.

CHAIR—Senator Brown, could you give me some indication of how much more time you need, because we have a strict time line that we are trying to adhere to so as to get through the rest of this before our dinner break?

Senator BOB BROWN—I think in three or four minutes I will be right, thank you.

CHAIR—Thank you.

Dr Dickson—You were asking what the Prime Minister needs to know about the swift parrot. Is that what you were asking—

Senator BOB BROWN—Yes.

Dr Dickson—or about the broader issues? The work that is underway involves looking at the review of the RFA and where there are any issues such as failures in protection of various species. That is going to be looked at as part of the assessment of the review. That process is still underway, and so the Commonwealth consideration of those issues has not been completed. When that happens and if there are any issues that would require the Prime Minister's attention, we would be informing him then.

Senator BOB BROWN—You cannot tell me when that will be finished.

Dr Dickson—No, I cannot.

Senator BOB BROWN—But 73 coups, hundreds of hectares of this bird's last nesting site, will be destroyed this summer. Do you not see that as an urgent matter to bring to the Prime Minister's attention?

Dr Dickson—We can seek advice on it.

Senator BOB BROWN—Seek advice from whom?

Dr Dickson—From the department of environment.

Senator BOB BROWN—What action will be taken?

Dr Dickson—Again, as I said, it is part of the assessment of whether or not there is any breach of the RFA or of the protections under the RFA. The departments look at all the evidence that is provided to them in doing that.

Senator BOB BROWN—I will just ask as a final despairing question on this issue: Forestry Tasmania has said that they will log as intended at the end of summer instead of now because there are birds nesting in a particular site in Wielangta. Last year or the year before, they actually stopped logging halfway through a coup because they found it was a nesting site

for the birds. No doubt, every year, not only nesting sites but nesting birds and their young are being destroyed as this species heads towards extinction by this clear fell and open logging process. Can you tell the committee of any accommodating factor under the regional forest agreement or under environmental law in this country which would permit the logging of one of the richest nesting sites for this bird in this coming summer, after the birds who have nested there have left, never again to return?

Dr Dickson—If I can ask again: if you are happy for us to take on notice what action is being taken and the factors that are being looked at for the swift parrot, we can provide that.

Senator BOB BROWN—I am. But, Ms Dickson, let me just tell that no action has been taken, except defunding of some of the scientists who have been working in this field. That is what is happening at the moment.

Senator Faulkner—I am happy to ensure that the line of questioning that you have pursued is passed through to the Prime Minister's office and the Prime Minister. I will undertake to do that for you.

Senator BOB BROWN—Thank you, Senator Faulkner. I would really appreciate that.

Senator Faulkner—I have listened carefully to what you have said. While I do not have any knowledge of the detail, I have heard the line of questioning, obviously, that you have asked and we can certainly make the Prime Minister's office aware of that urgently, and it can be drawn to the Prime Minister's attention appropriately.

Senator BOB BROWN—I would appreciate that. Thank you.

[5.14 pm]

CHAIR—As there are no further questions on output 1, we will now move to output 2.

Senator BOYCE—I particularly want to look at social inclusion in that output.

CHAIR—Can I advise members of the committee that, after dinner, we will start with the Department of Climate Change.

Senator BOYCE—I just want to go through where you are at with social inclusion. We had a board appointed in May—that is correct—which has held three meetings, I think. What has been achieved in those three meetings?

Ms Peake—Over the last period of time, the board has been very active in advising the government on a range of strategies that are underway to promote social inclusion, including in relation to the homelessness strategy, and also having input into the development of the measures that were discussed earlier for the COAG reforms, looking at what should be measured in health and education and early childhood—what the indicators should be. So those have been two of the important areas.

Senator BOYCE—When you say 'input into the homelessness strategy', what was the input?

Ms Peake—Advice has been fed through on the draft report. As well as in the area of homelessness, in the area of early childhood there was a presentation to the board by the Boston Consulting Group, which was doing that work, and feedback was provided on the sorts of initiatives that were proposed, looking at what really was the best evidence available

from Australia and internationally on involving vulnerable families in family support initiatives and in early childhood type initiatives. That was drawing on the expertise of the Social Inclusion Board in areas that government is looking at, and similarly in employment service areas. It was also to identify the sorts of factors to take into account in identifying priority locations to target for a more concentrated approach to looking at multiple and entrenched disadvantage. Where might you focus your effort? What sort of methodology would you employ to identify priority locations across Australia? It was also to think about how you might then draw together that range of government actions—how the work that is happening through the COAG reforms to reform how services are delivered and the work that is happening in relation to homelessness and early childhood and employment services reforms might be brought together in different ways in particular locations.

Senator BOYCE—You have a budget of \$14 million over four years; is that correct? I think it is \$14.4 million or something like that. Perhaps I could just go on with my questions whilst you check that. So you have \$14.4 million over four years. You have 14 board members. What is the size of the secretariat supporting this? That information did not seem to be easily available.

Ms Peake—In the secretariat we have four staff involved in supporting that.

Senator BOYCE—Directly and exclusively working on social inclusion?

Ms Peake—That is right, and supporting the board as part of their role.

Senator BOYCE—Could you just run me through what their levels are and what they do.

Ms Peake—Certainly. There is one EL2, one EL1, an APS6 and an APS5, and those staff are involved in providing secretariat support to the board, including supporting board consultations. Board members have been involved in touching base with a range of really important stakeholders and memberships of, for example, disability and mental health groups—some of the peak bodies—so this group of staff has supported them in that. They have supported the board in their reporting arrangements. They also make sure that information is updated onto the social inclusion website and coordinate communication of the social inclusion agenda.

Senator BOYCE—So what are the annual wages or salary for that secretariat?

Ms Patterson—I do not have a figure for you at the moment. I will just double-check.

Ms Peake—We can certainly take that on notice for you.

Senator BOYCE—Are the board members paid?

Ms Peake—Yes. I can tell you about the sitting fees. The chair is paid a sitting fee of \$645 per day and the members are paid \$509 per day. That was determined by the Remuneration Tribunal.

Senator BOYCE—And that is all? They receive sitting fees for when the board meets; is that correct?

Ms Peake—They are also eligible for business class travel and accommodation, meals and incidental expenses for the meetings, as determined by the Remuneration Tribunal.

Senator BOYCE—I appreciate what you have said about input into the homelessness green paper. Has there been actual consultation with groups of homeless people, or what? How has it gone?

Ms Peake—Certainly in other areas there have been those consultations.

Senator BOYCE—But not by the Social Inclusion Board?

Ms Peake—Not on homelessness, no. But in other areas the board has been involved in consultations.

Senator BOYCE—For instance, did they have input into the National Disability Strategy?

Ms Patterson—A number of board members met with a number of different peak bodies for both the disability and the mental health sectors, in addition to the consultations that were happening by those responsible for the development of that strategy.

Senator BOYCE—So the board did have input into the strategy?

Ms Patterson—Yes. They formed some views from that and they provided those views to the relevant ministers. They provided input in that way.

Senator BOYCE—I went back to the McClure report of 2000, which was commissioned by the then minister, Senator Jocelyn Newman, which identified three areas to focus on—jobless families, reliance on income support and the need for strengthening communities—as the three core areas that you needed to work on if you were going to improve life for people with social disadvantage. I am just trying to work out what is different. What have we achieved since? What is different from what we are doing now?

Ms Peake—In terms of what we are doing now?

Senator BOYCE—Yes.

Ms Peake—Again, I think we go back to the range of strategies that are underway that are really targeting those same areas of endeavour. If we look at the issues around social cohesion and strengthening communities, the particular focus of the board on thinking about how you target areas of Australia where there is concentrated and multiple disadvantage is really looking at how you combine service delivery reform with initiatives to strengthen community participation. Where that work is up to is that there has been a lot of work done over the last six months looking at the methodology for identifying those locations.

Senator BOYCE—So this is locational disadvantage, in the main, that we are talking about here?

Ms Peake—Yes, that is right. In parallel, in terms of the issues around jobless families, which I think was the second priority that you mentioned, there has been some early work done through some of the employment services reforms, but it is an area where at the moment further advice is being prepared for government about the evidence from around the world about what does make a difference for jobless families. That is certainly one of the priorities that they are very focused on.

Senator BOYCE—Given the economic climate we are in and some of the reports today, jobless families are obviously something that we are certainly going to need to concentrate on in this area.

Ms Peake—Yes.

Senator BOYCE—As you were saying, there was a big report from the Institute of Family Studies, I think. How did that link in with the Boston Consulting Group material? Are they connected?

Ms Peake—Certainly one of the roles of the board is to look across government at the range of initiatives that are underway and make sure that there is a social inclusion emphasis in all of those bodies of work. Boston Consulting Group came and met with the board, and there was a discussion back from the board about their views on what the most significant steps to take are in ensuring that vulnerable families are connected into local universal services and to ensure that there are specific responses to vulnerable children that are built into things like the National Child Protection Framework. But there is also a specific body of advice that the board has been asked to provide to government about children at risk and what you do.

Senator BOYCE—I must admit that the Boston Consulting Group are probably not the first people I would have thought about in terms of getting some advice on dealing with vulnerable children. How were they chosen? Why the Boston Consulting Group?

Ms Carroll—Boston Consulting Group was chosen by the Department of Employment, Education and Workplace Relations to do the contract. I understand, but you could ask them for further detail, that there was a select tender process.

Senator BOYCE—That was in relation to the early child care—

Ms Carroll—The early childhood development strategy.

Senator BOYCE—Sorry, the early childhood development strategy. What other outside consultant groups has the board used?

Ms Patterson—The board did not contract the Boston Consulting Group but in terms of other—

Senator BOYCE—Who does the contracting of consultant groups for the board then?

Ms Patterson—The Social Inclusion Unit has had three consultancies over the past seven or eight months. The first one was with the Australian Institute of Family Studies to produce an overview of social inclusion theory in the Australian case—

Senator BOYCE—In the Australian context?

Ms Patterson—Yes, in the Australian context. That was recently published and it is available on the website. We have a consultancy with the Queensland University of Technology, which is not yet finished, to look at the reform of the not-for-profit sector.

Senator BOYCE—That would be with McGregor-Lowndes' lot, I presume, is it?

Ms Patterson—Yes. We also have a small contract at the moment with the University of New South Wales, where we have asked them to provide us to give to the board and to government a state of play for jobless families in the Australian context. We have commissioned an expert there to provide us with that information.

Senator BOYCE—Could you explain what you mean a bit more by 'state of play'?

Ms Patterson—One of those broad overviews of how jobless families fit into the Australian context against a range of different indicators and comparability with overseas cases.

Senator BOYCE—This would simply be analysing data sets, would it?

Ms Patterson—It is Professor Peter Whiteford from the Social Policy Research Centre who has worked at the OECD as well. It is more than data sets; it is data sets plus a whole lot of social policy research that goes alongside that. It was to try to give to the board the best picture that we can of a broad and in context view of jobless families in the Australian situation to help them situate their advice.

Senator BOYCE—Do we have a cost for these consultancies?

Ms Patterson—We do. The AIFS contract, which was the first one I mentioned, the total cost for that including GST was \$16,500. The contract that we have with the Queensland University of Technology is a daily rate fee payable at the rate of \$1,500 per day up to a maximum of 14 days. That would be \$21,000, if that was what was realised. And the contract that we have with UNSW is for \$2,000 per day up to a total of \$30,000.

Senator BOYCE—That is 15 work days.

Ms Patterson—So that would be 15 days. But in both those cases we do not anticipate that that maximum number of days would be used.

Senator BOYCE—So these are going to be desktop research projects?

Ms Patterson—Yes, Senator.

Senator BOYCE—There will not be any depth to them—I am sorry, I should rephrase that. They will not require long research or qualitative research.

Ms Patterson—No, we have gone to experts and asked them to draw on the knowledge that they already have and bring that together.

Senator BOYCE—Yes. Just moving on from that. There is all the material here from the Australian Institute of Family Studies but also material on the UK board of social inclusion that I think was set up 10 years ago. One of the criticisms that was made of that board at the time was that it was composed of millionaires and famous people. All the people on the Australian board are very notable and outstanding Australians in their areas, many of them, but there is no-one there, other than perhaps Dr Chris Sarra, that you could identify as saying, ‘This person can speak from their own experience of what social disadvantage is like.’ Has that criticism been brought to your board?

Ms Peake—One of the other people who is quite important on the board is the chair. Patricia Faulkner, having headed up the Department of Human Services in Victoria which was responsible for a lot of the service delivery for this target group over a seven-year period, brings some of that expertise from a government perspective as well.

Senator BOYCE—But very little personal experience of social disadvantage. I do not know what Mr Eddie McGuire’s family background is. But when you look through the list of people on that list, yes, notable Australians but not exactly people you would have identified as having come from ‘struggle street’, to use a cliché.

Ms Peake—One of the things that is in the terms of reference for the board is to hold consultations with a range of groups. One of the things that we have asked for advice on from the board is how that might be undertaken in the next period of time, which does go to your point about how do you hear the voice of more vulnerable groups in informing that policy development process.

Senator BOYCE—I hope that works. There are a couple of other areas that I noted. There is no Indigenous specific mentions in the material on the website. Why is that?

Ms Peake—The Closing the Gap work has been happening in parallel, and the board has been asked to ensure that, in more mainstream areas of policy development, Indigenous issues are absolutely front and centre, rather than there being an Indigenous specific reference that has been made about separate service delivery.

Senator BOYCE—Sorry, so you are saying that Indigenous issues are considered by the Social Inclusion Board?

Ms Peake—In everything that they do that is certainly something that is asked of them, but working in parallel with the absolute focus in the Closing the Gap strategy specifically on Indigenous issues.

Senator BOYCE—I am not quite sure if I am understanding, because I would have thought that one of the most important things about social inclusion was that you looked across the spectrum at every group that you perceive to be disadvantaged and not start creating new silos.

Ms Peake—Sorry, I am not explaining myself very well. We are really trying to do both things. So there is the Closing the Gap strategy which is looking across health, education, employment and community development at some specific issues around boosting Indigenous outcomes, and others can speak to that, but in parallel asking the Social Inclusion Board, in anything they are advising on, to have a specific focus on the most vulnerable groups and places, and that therefore includes Indigenous Australians. So if there is advice, for example, that is given on early childhood—and there are a number of members on the board who are Aboriginal—one of the things that the board discusses is what would this mean for Aboriginal communities or Aboriginal families that might be living in areas where there isn't a large Aboriginal community for them to draw support from.

Senator BOYCE—That sort of informal embedded approach you are talking about there leads me to my next question which is: how will we know if the Social Inclusion Board and the Social Inclusion Unit are achieving? What benchmarks do you have?

Ms Peake—One of the important tasks before the board right at the moment is to provide that advice on what those measures should be, and one of their terms of reference is to provide an annual report on how we are progressing in relation to social inclusion. So the work is in progress to define what are the measures of productivity and participation and, as I mentioned earlier, some of that we are looking to embed in the COAG agreements so that it is not only happening over here with the Social Inclusion Board but also it is embedded in a range of government reporting.

Senator BOYCE—When would you anticipate the first annual report? You have a reporting date, I take it?

Ms Patterson—The Social Inclusion Board was asked to report annually. They had their first meeting in May of this year, so around May 2009 would be a 12-month period thereafter.

Senator BOYCE—A couple of other things I wanted to raise, because it seems to me one thing the Social Inclusion Unit and board could be do is playing inclusive policemen on government. The new out of school hours program for secondary school students with a disability is not coming out of the education department which is where every other out of school hours program is located. Are you aware of this? Were you consulted about that at all?

Ms Carroll—We have not been specifically consulted within the Department of Prime Minister and Cabinet.

Senator BOYCE—The other one I would raise is I know that Women With Disabilities Australia wrote to the Prime Minister when the National Council to Reduce Violence Against Women and Children was set up pointing out that there is no woman with a disability on this council despite the fact that women with disabilities experience violence at a far higher rate than any other group in the community. Again, were you aware of that?

Ms Peake—Certainly when the board was established it was not established as a representative group but as a group with a particular set of expertise and that is why the consultative role of the board is very important. The consultations that have been happening with, specifically, mental health and disability peak bodies are really important. But that is certainly something that we are happy to take back to the board as a particular issue.

Senator BOYCE—So the board is prepared to accept representations from people who feel that there are areas where exclusion is more the norm than inclusion.

Ms Peake—I think that is in keeping with their consultation role. Certainly in terms of their terms of reference particular areas for them to look at are those that are referred by the Minister for Social Inclusion. But, where there are issues that are coming through from the community that the board believes should be brought to the attention of the government, that is an appropriate role for the board.

Senator BOYCE—And the board or the unit does not have any overarching purview of government policy and social inclusion? I mean we are talking about a couple of examples here that I think were indicative that disadvantaged groups have not been included. So you do not have any sort of watch on this?

Ms Peake—Certainly the early priorities that have been asked of the board relate to jobless families with children at risk and neighbourhoods of concentrated disadvantage. And they really are thinking in each of those areas not only holistically but also their specific routes that these issues become relevant in different types of ways. So in that sense, absolutely, the board is looking at those three areas and at disability as a key issue in relation to each of those areas. As I said, we are really happy to take back with us those two issues in particular and see how they fit with the broader advice that the board is providing.

Senator BOYCE—Thank you. I could continue but given the time I will not.

[5.37 pm]

CHAIR—As there are no further questions on output group 2, we will move on to output 3, International policy advice.

Senator RONALDSON—Given that we talked about output 5.7 with 2020, can I just indicate to Mr Mrdak that I will put some questions on notice in relation to the 2020 conference given the hour, unless we get time to get back to it, which I suspect we will not.

Senator TROOD—Mr Borrowman, I want to ask a couple of questions about policy development, in particular the National Security Statement. Can you do that for me?

Mr Borrowman—I am afraid I cannot.

Mr Mrdak—My apologies, Senator, Mr Lewis has been detained at a meeting with the Prime Minister. He is best placed to deal with the National Security Statement. I understand that he is endeavouring to get here as soon as he can. We will try to answer your questions as best we can but I do apologise.

Senator TROOD—Is the border security review Mr Lewis's province as well? Or is that Mr Borrowman?

Mr Borrowman—No.

Mr Mrdak—No, it is Mr Lewis. My apologies again. Mr Lewis has just been called away.

Senator TROOD—All right. I will move on. I wanted to ask some questions about the Commission on Nuclear Non-Proliferation and Disarmament. Is that Mr Lewis too?

Mr Mrdak—Dr Floyd will take questions on that matter.

Senator TROOD—In relation to the commission, which the Prime Minister has announced, I want to clarify, firstly, is Department of the Prime Minister and Cabinet the lead agency in relation to managing that commission?

Dr Floyd—The lead agency for managing the commission is the Department of Foreign Affairs and Trade. Our involvement in this is merely a coordination role and an oversight role with the Prime Minister's office.

Senator TROOD—Does that mean that the department of foreign affairs is bearing any and all of the costs relating to the commission?

Dr Floyd—That is correct.

Senator TROOD—So PM&C is not bearing any of the costs?

Dr Floyd—We are only bearing our normal policy coordination role with regard to the commission. All additional costs are being borne by the Department of Foreign Affairs and Trade.

Senator TROOD—Does your role run to appointments to the commission?

Dr Floyd—No, it does not.

Senator TROOD—Are you providing any advice about appointments to the commission?

Dr Floyd—No, we have not.

Senator TROOD—You may not be able to answer this question, but are the appointments to the commission now complete?

Dr Floyd—The commissioners have all been named. They were named when the Prime Minister was at the UN General Assembly recently in New York. The full set of 16 commissioners has now been named and they are eminent individuals. Some of them are ex prime ministers, foreign ministers and other senior people from various countries around the world.

Senator TROOD—So the questions about costs in relation to this are best directed to DFAT, is that what you wish to tell me?

Dr Floyd—That is correct.

Senator TROOD—You would encourage me to pursue that matter with them?

Dr Floyd—That is correct, Senator.

Senator TROOD—Perhaps you can help me also with the Asia-Pacific community idea of the Prime Minister.

Mr Borrowman—That is me, Senator.

Senator TROOD—That is you, Mr Borrowman.

Mr Borrowman—It is indeed, Senator.

Senator TROOD—Good to hear from you. Can you tell me in relation to that issue whether PM&C is the lead agency or is that a DFAT matter as well?

Mr Borrowman—That is also a DFAT matter, Senator. DFAT is providing the secretariat to the Prime Minister's special envoy. DFAT has the lead.

Senator TROOD—The costs in relation to the special envoy: who is bearing that?

Mr Borrowman—DFAT, Senator.

Senator TROOD—This is a great idea, isn't it? The Prime Minister comes up with all these suggestions and the department of foreign affairs ends up having to bear all the costs of it. So PM&C is not bearing any of the costs in relation to that matter either?

Mr Borrowman—In the same sense as Dr Floyd just answered, Senator, only our normal administrative costs.

Senator TROOD—Can you tell me whether you are maintaining a monitoring role in relation to Mr Woolcott's activities? Is he reporting to the Prime Minister in relation to this matter or primarily to the Minister for Foreign Affairs?

Mr Borrowman—He is the Prime Minister's special envoy so in that sense it is envisaged that the special envoy will report to the Prime Minister, but no report has yet been made.

Senator TROOD—Are you expecting the report soon or is that something way down the track?

Mr Borrowman—We will be expecting an interim report, Senator, in the context of the forthcoming APEC meeting but the special envoy's consultations will not have concluded by that stage, so there will be no final report this year.

Senator TROOD—So Mr Woolcott has been in the region already, has he?

Mr Borrowman—Yes, he has, Senator.

Senator TROOD—How many trips has he made?

Mr Borrowman—I do not know how many trips he has made but I can tell you how many countries he has been to. I do not know how these countries were organised by the itinerary.

Senator TROOD—How many countries has he been to?

Mr Borrowman—He has been to New Zealand, Indonesia, Malaysia, Singapore, the Republic of Korea, Japan and at the moment he is in Chile and he will do Mexico and Peru as part of this same group.

Senator TROOD—Is the intention that he will move around each of the countries that are members of APEC or move around each of the countries that are in some definition of ‘the region’? Could you clarify that for me please?

Mr Borrowman—It is more the latter, Senator. It is not only or, indeed, inclusively APEC countries or APEC member economies, I should say, because APEC is categorised as economies.

Senator TROOD—Yes, indeed. But it is not exclusively the APEC economies?

Mr Borrowman—That is correct, Senator.

Senator TROOD—The additional places or countries that he might visit are or are not part of the, shall we use the term East Asia region, or Asia region?

Mr Borrowman—Yes, they are definitely part of the region, Senator.

Senator TROOD—Is he expecting to make scheduled or regular reports? He is making a report in the lead up to the APEC meeting. Is he scheduled then to make another one in three months time and another one in six months time? Or is it as opportunity arises and as progress is reported?

Mr Borrowman—Insofar as we have agreed on an interim report, there is obviously going to be a final report, there is not any particular decision as to a further interim report. There may be, there may not be, depending on how really things go. There is no schedule that I am aware of other than the pre-APEC report and the final report.

Senator TROOD—Is there a period of time at which his appointment expires or is it an open-ended appointment?

Mr Borrowman—I think I had better defer to DFAT on that. I suspect there is a distinction here between the appointment and the contract term. Presumably there is a contract term but that is something you would have to talk to DFAT about. Whether his appointment as an envoy is coterminous with that, I could not say.

Senator TROOD—I will ask further questions of DFAT in relation to that matter later in the week. In relation to the Prime Minister’s proposal that Australia will pursue a seat non-permanent seat on the Security Council. Is that a matter that you have under your purview, Mr Borrowman?

Mr Borrowman—Insofar as it is within PM&C’s responsibility, yes, but again it is a DFAT lead. DFAT is running the campaign for the candidacy.

Senator TROOD—Has PM&C done any estimates of the likely costs of this campaign?

Mr Borrowman—No, we have not, Senator.

Senator TROOD—Has the government overall made any estimates of the likely costs involved?

Mr Borrowman—I think that is a question that you should direct to the department of foreign affairs.

Senator TROOD—I will do that and presumably foreign affairs will have some view on it. But do you have a view on it?

Mr Borrowman—No, I do not have a view on it, Senator. All I can say in answer to your question is that the Department of the Prime Minister and Cabinet has not done any costings on it.

Senator TROOD—Have not?

Mr Borrowman—No, we have not.

Senator TROOD—Would you expect to be doing that or is this a matter that will take its course?

Mr Borrowman—We would not expect to do that. We would expect and, indeed, anticipate that the department of foreign affairs would bring forward a proposal for funding in the normal budget processes.

Senator TROOD—And that will be a DFAT expense?

Mr Borrowman—Yes, Senator.

Senator TROOD—Mr Borrowman, this is perhaps your purview. Are you familiar with the Prime Minister's speech to the RSL in Townsville?

Mr Borrowman—I am aware of the speech, Senator.

Senator TROOD—Did you have a role in preparing that speech? Not you, personally, but people within the department?

Mr Borrowman—I believe that it is a question more correctly answered by my colleague, Mr Campbell.

Mr Mrdak—Senator, Mr Campbell is now also available if you wanted to those questions in relation to the Homeland and Border Security Review and the like.

Senator TROOD—Thank you, Mr Mrdak.

Senator TROOD—Thank you. Mr Campbell, I was asking about the Prime Minister's speech to the RSL in Townsville and whether or not the department had a role in preparing the speech.

Mr Campbell—The Office of National Security prepared some talking points for that speech and provided them to the PMO.

Senator TROOD—Were you the only department to do that?

Mr Campbell—That I know of, yes. We do attempt to ensure that our points cover the range of views across a whole-of-government perspective.

Senator TROOD—This speech attracted some attention, I think you would agree, Mr Campbell, when it was delivered. One of the areas that attracted attention was the suggestion that an arms build-up was taking place in the region. Is that your recollection of the matter?

Mr Campbell—Yes, I do recall that was commented on in the press.

Senator TROOD—Was that part of your speaking notes to the Prime Minister?

Mr Campbell—We do not discuss the particular advice or points that we offer to the Prime Minister or the PMO.

Senator TROOD—But you gave speaking notes on a range of issues covered in the speech—is that correct?

Mr Campbell—That is correct.

Senator TROOD—Has your office made done any work on arms build-up in the Asia-Pacific recently?

Mr Campbell—No.

Senator TROOD—You have not done any assessments and you have not considered the matter for any policy activities, any speeches or anything of that kind. Is that what you are telling me?

Mr Campbell—We do not do assessments.

Senator TROOD—I understand that.

Mr Campbell—We take those from intelligence agencies.

Senator TROOD—I understand that, but have you done any policy work on arms racing in the Asia-Pacific region?

Mr Campbell—We have not done any policy work on arms build-ups in the region.

Senator TROOD—Are you aware of any agency that has done work in that area?

Mr Campbell—You may wish to engage the Department of Defence possibly or the Department of Foreign Affairs and Trade. I am considering in particular the defence white paper process and all the agencies that are engaged in that. I cannot specifically direct you to an agency that is dealing with that issue.

Senator TROOD—So I could ask them some questions about it. I am sure they will be grateful to you for providing that lead, Mr Campbell. When the Prime Minister delivered that speech, he said:

We see a substantial arms build-up over time in the region.

You perhaps recall those words. Whether or not you provided that advice to him, you may recall those words. Not very much later, Mr Ric Smith, who I think has been an adviser to your department on various matters, issued a subsequent statement in the matter and said:

Neither the data on military spending nor the information about acquisitions suggest that Asia is experiencing an arms race.

Are you familiar with those two remarks?

Mr Campbell—I am.

Senator TROOD—They would seem to be inconsistent with each other, or do I misunderstand the nature of the issue?

Mr Campbell—I am aware of those remarks by Mr Smith.

Senator TROOD—Would you agree that the remarks seem not to be consistent with each other?

Mr Campbell—All I would like to offer is that an arms build-up is not synonymous with an arms race.

Senator TROOD—So they are conceptually different activities—is that what you are telling me?

Mr Campbell—In an earlier life I might have asked you, Senator, but, yes, I believe they are.

Senator TROOD—Happily I do not have to answer this question. Perhaps you can just explain to me how you see the difference between an arms build-up and an arms race.

Mr Campbell—I would take that on notice.

Senator TROOD—You can do that, Mr Campbell, but I am sure it is not beyond your wit to provide me with an answer to that question in the here and now.

Mr Campbell—I would simply offer, then: I think that there is a degree of aggressive competitiveness suggested by the term ‘race’, absent from the term ‘build-up’.

Senator TROOD—I see. So this is perhaps a temporal quality, over the period of time when the arms are increasing—is that what you are saying?

Mr Campbell—In terms of the build-up.

Senator TROOD—Yes. But do I take it that you see that there is an increase in arms in the region that might be of concern to Australian policymakers?

Mr Campbell—I noted that I was not offering comment on the Prime Minister’s speech or the points that we offered for that speech.

Senator TROOD—No, I understand that. You were perfectly correct earlier on in saying that that is not advice you are obliged to give to the committee, and I understand that restraint. But I was not so much asking you a question about the advice as asking you to clarify for me these two apparently inconsistent statements by the Prime Minister, who, ipso facto, is a man of eminence and knowledge, and, of course, Mr Smith, who, by reputation and long experience, also has considerable experience in the field. So here we have two people who seem to be saying rather different things about what I took to be the same issue, and I am trying to clarify and I am asking you to clarify for the committee whether or not these two policy propositions are indeed at odds with each other.

Mr Campbell—I noted earlier that we have not done policy work on these issues, and also I note that it is not unusual for a variety of opinions to be in the public environment with regard to a range of issues.

Senator TROOD—I see. So would you suggest that those commentators in the press and elsewhere who have suggested that these ideas are mutually inconsistent are incorrect?

Mr Campbell—I would not offer a view.

Senator TROOD—You would not like to chance your hand, Mr Campbell?

Mr Campbell—No, Senator. But thank you for offering.

Senator TROOD—Well, I like to give people an opportunity. I can perhaps take it up with your colleagues. Let me move back to the issues that I wanted to raise with you earlier. You were out of the room at the time but your colleagues volunteered your name as the person to whom I should direct these questions.

Mr Campbell—Most generous of them.

Senator TROOD—As they are, I know. The first question was about the National Security Statement. You have been working on this for some time and I think you have answered some questions for me on this in the past. When did you begin working on this?

Mr Campbell—We have developed materials with regard to the National Security Statement—I think the first of those was in approximately December 2007.

Senator TROOD—And there was a group of people drawn together, as I understand it, from your division who were working on the statement. Is that correct?

Mr Campbell—We have engaged a very wide range of agencies across the Commonwealth.

Senator TROOD—According to at least some press reports I have seen, the National Security Statement has in fact been completed. Is that correct?

Mr Campbell—No, it remains in draft.

Senator TROOD—I see. When was the draft completed?

Mr Campbell—I think the latest draft would be of approximately 19 September.

Senator TROOD—And what has happened to the draft since 19 September?

Mr Campbell—It continues to be developed as we see opportunities to enhance it.

Senator TROOD—Perhaps you could just clarify that a bit for me. Are you enhancing it within your own department, or are you developing it and enhancing it in relation to other agencies?

Mr Campbell—A combination of those.

Senator TROOD—So has the draft been circulated amongst the interested security agencies?

Mr Campbell—Yes, a series of drafts at different points in its development have been circulated.

Senator TROOD—Is there a date by which the agencies that are looking at this have to report?

Mr Campbell—No. They are not specifically being invited at the moment to look at a next draft.

Senator TROOD—This is a bit of a movable feast, is it? You are waiting for commentary and assessment and responses to the draft.

Mr Campbell—It remains under development.

Senator TROOD—Is there a time line by which the development will be concluded and the statement will for all intents and purposes be completed?

Mr Campbell—Not other than the advice offered by the government that there is an intention that it be presented before the end of this parliamentary session. We will continue developing our work until that time.

Senator TROOD—By ‘the end of the parliamentary session’ you mean the last week of sittings this year, do you?

Mr Campbell—Yes.

Senator TROOD—The first week of December.

Mr Campbell—Yes, the last sitting week of this year.

Senator TROOD—That date being the date for what—the completion of the statement, the consideration of the statement by government, the dispatch of the statement to perhaps the cabinet or the National Security Committee of Cabinet? What is the significance of that particular date?

Mr Campbell—I am of the understanding that the government has indicated it would be presented by the government by the end of the last sitting week of this year.

Senator TROOD—So by that date you anticipate all of the drafts will be completed, a final statement will have been concluded and the government will have considered the statement and will be releasing it—to the extent to which it chooses to do so—to the public. Is that right?

Mr Campbell—That is right.

Senator TROOD—That is your expectation at this juncture.

Mr Campbell—That is my understanding of what has been advised by the government publicly.

Senator TROOD—Can I ask you about the border security review, for want of a shorter term—Mr Smith’s review, as I understand it—on homeland security and counterterrorism, I think. It is all part of the one—is that not true?

Mr Campbell—The Homeland and Border Security Review.

Senator TROOD—The Homeland and Border Security Review incorporates, does it not, a review of counterterrorism strategy—or at least in part?

Mr Campbell—I am not really in a position to comment on its content.

Senator TROOD—Your colleagues in another committee earlier in the day intimated to us that there was at least some dimension of the statement that covered counterterrorism activity, so there is a view in some parts of the government that it covers counterterrorism strategy. Can we take it that that view is not too far from the truth?

Mr Campbell—I am simply saying that it is a review of homeland and border security.

Senator TROOD—Well, that is the name. Is that review complete?

Mr Campbell—Yes, it is.

Senator TROOD—When was that completed?

Mr Campbell—By Mr Smith?

Senator TROOD—Yes.

Mr Campbell—On approximately 30 June.

Senator TROOD—I think I am right in saying there has been no public announcement about that review. Is that correct?

Mr Campbell—That is correct.

Senator TROOD—When might we expect a public announcement of that review?

Mr Campbell—That would be an issue for the government.

Senator TROOD—Can you tell me if the government has considered the review?

Mr Campbell—It has, and it continues to consider it.

Senator TROOD—So there has been some preliminary consideration of it.

Mr Campbell—I would not seek to characterise the form of consideration.

Senator TROOD—Has it been reviewed by cabinet?

Mr Campbell—By a committee of cabinet.

Senator TROOD—So the National Security Committee of Cabinet has considered it—would that be fair to say?

Senator Faulkner—We do not normally talk about matters that are before the agenda of the National Security Committee of Cabinet.

Senator TROOD—All I am asking is whether or not there has been a consideration of the statement, and I am to trying to determine whether or not it is the—

Senator Faulkner—I think the best way of responding to your question, Senator Trood—because I am sure you would appreciate that it would not be appropriate to talk about matters that are before NSC—is to say that the matter is under consideration by government.

Senator TROOD—Mr Campbell, there is, as yet, no date by which there will be any public announcement about this matter?

Mr Campbell—I am not aware of a date, Senator. That is an issue for government.

Senator TROOD—Can you help me on that, Minister, whether there is an intended or prospective date?

Senator Faulkner—No, Senator, I am not aware of any such date and I have no reason to believe such a date has been determined.

Senator TROOD—Thank you. In the light of time, I think I will thank the officials for their attention to the matter and yield to somebody else.

CHAIR—As there are no further questions for output 3 nor any for output 4, we will move to output 5 as I believe Senator Ronaldson has some questions.

[6.05 pm]

Senator RONALDSON—When I said there were no questions, there were, but timing was the issue. In relation to Government communications, output 5.8, Mr Mrdak, there have been media reports on the financial stimulation package that there will be an advertising campaign. Is that correct that there will be a government advertising campaign?

Mr Mrdak—Not that I am aware of, Senator. There has been no decision taken on that matter.

Senator RONALDSON—Those press reports are false?

Mr Mrdak—Certainly consideration is being given to a campaign to advise people of their entitlements in relation to the package announced but, as far as I am aware, no decisions have been taken.

Senator RONALDSON—Has money been tentatively allocated towards that campaign? Has it been costed?

Mr Mrdak—No, Senator.

Senator RONALDSON—Have any agencies been invited to submit proposals for it?

Mr Mrdak—Not that I am aware, Senator.

Senator RONALDSON—Madam Chair, in light of the time I will discontinue my questions so that we can move onto the other agencies.

CHAIR—Thank you, Senator Ronaldson. As there are no other questions for output 5 we will move onto the Australian National Audit Office. I thank the officers for attending.

Senator Faulkner—Can we just wait a minute or two until the Auditor-General joins us at the table. We all appreciate that the Auditor-General has a direct relationship with the parliament so I think he should be here. The plan I understand, Chair, is to complete the agencies under PM&C by 6.30 pm?

CHAIR—That is correct.

Senator Faulkner—I suspect the Auditor-General is in the next room. Could I ask, through you, Chair, in this short interregnum whether it is the intention of the committee to ask anything of the other PM&C agencies? I thought it might not be very likely and if it is not we might release them. It is up to committee members.

Senator RONALDSON—I am happy for them to be released.

Senator FIFIELD—We may have something for the Inspector-General of Intelligence and Security.

Senator Faulkner—Maybe if we hold IGIS, we can say to the Public Service Commission that they might be dismissed, then IGIS is the only other PM&C agency to remain after the ANAO. Does that suit senators?

CHAIR—Everyone is happy with that.

Senator Faulkner—We might ask the committee secretariat to communicate that through.

CHAIR—What about the Ombudsman?

Senator FIFIELD—We did not call them in the first place, I think.

Senator Faulkner—We have not been able to locate the Auditor-General, so can I suggest that, since Mr Carnell is here, we perhaps direct some quick questions to the Inspector-General and I will chase this down.

CHAIR—Is the committee happy with that?

Senator RONALDSON—It is most unsatisfactory, but if he is not here then he is not.

Senator FIFIELD—If he cannot be located then maybe we should schedule questions to him for after dinner.

Senator Faulkner—I suspect that the officials have just been caught a little on the hop because the committee worked through the conclusion of its hearings so quickly. We will do this and we will work cooperatively. I know the committee had planned to have half an hour with the Auditor-General; I think that was the intention. If some questions could be asked of Mr Carnell, I will tick-tack just informally with Senator Ronaldson and work something through.

CHAIR—I was not aware of any time lines on each of the items, only that we were to go through them.

Senator Faulkner—But I think instinctively a maximum of half an hour had been set aside for the Auditor-General—or 25 minutes, let us say, is when stumps were to be drawn. So we will work on this right now.

[6.11 pm]

Office of the Inspector-General of Intelligence and Security

CHAIR—Do you have an opening statement, Mr Carnell?

Mr Carnell—No, Madam Chair.

Senator TROOD—Mr Carnell, I want to ask you some questions about the concerns that you have with regard to the matter of the independent reviewer of Australia's counterterrorism laws. The bill is of course going through the parliament now; the Senate committee has reported on the matter. But you are reported in the *Australian* of 23 September as expressing some reservations about your office assuming this independent reviewer role. Is that correct?

Mr Carnell—I would not say that the newspaper article was entirely accurate. But, nonetheless, yes, I do have reservations about whether my office ought to take on directly the immediate role of the independent reviewer.

Senator TROOD—The newspaper article I am referring to is one written by Paul Maley on 23 September. Does it not faithfully replicate your views on the matter?

Mr Carnell—I cannot remember the article exactly. I think a better reflection of my views was the ABC interview that I did a day or two later, but I am certainly happy to talk about it.

Senator TROOD—Thank you. I wonder whether you might take the opportunity to provide the committee with some explanation of your concerns with regard to the proposal that you take this responsibility.

Mr Carnell—I would first like to make the point that the Ombudsman and I have a very important contribution to make. That is because we, in the normal course of our work, see how agencies are using some of those powers and capabilities that they have been given as part of the response to September 11. So I do not want to diminish the contribution that the Ombudsman and my office can make in that regard. But I see the particular utility of the independent reviewer being someone who can primarily but not exclusively focus on part 5 of the Criminal Code, which are the criminal offences essentially, and the National Security Information (Criminal And Civil Proceedings) Act 2004, because that is really an area of criminal law policy that neither the Ombudsman nor I currently routinely look at.

I have tried to be careful and say that I do not completely rule out the notion that my office—with additional resourcing and a better structure—could take on the role. But I do think a better model would be to create a new statutory position which has that focus on the gap, if you like, in what the Ombudsman and I currently look at.

The particular concern that I have tried to articulate about why that might be a better model is that there is a risk that the independent reviewer position will get caught up in a good deal of debate of perhaps a partisan nature about just what the laws should be. I would be concerned if there were questions raised about the strictly apolitical nature of my current office. It is very important that my office be seen as independent and apolitical and not in anyway partisan about current matters of political debate. There is a risk that that could occur if the independent reviewer role was given to my office. I would emphasise that not all risks come to pass, of course, but sometimes some risks, perhaps as a matter of judgement, are best avoided. I have tried to be succinct; does that map it out?

Senator TROOD—It comes down to your anxiety that the office may become politicised in a way which is not true of your current responsibilities.

Mr Carnell—Yes. If I were caught up on political debate and particularly used by one side—if one side argued that I supported their position and had a contrary position to that of the other side of politics—then that is when the difficulties would start.

Senator TROOD—Leave that question aside. Are there also questions in your mind about whether or not your office has the resources which might be necessary to discharge this function?

Mr Carnell—Yes. At the moment we are very busy and I do not have any SES or other senior positions assisting me.

Senator TROOD—I see.

Mr Carnell—So in terms of the load, as currently resourced, I simply could not take on extra without there being some diminution of the important activities that I am currently undertaking. Resources and expertise can be added, of course, but they are not there at present.

Senator TROOD—No, there was a third dimension to the concerns which relate to the organisational structure of your office at the moment. I gather that this is a reference to the need for there to be some internal change if you were to take this responsibility.

Mr Carnell—Yes. Basically I would need a quite senior deputy, probably, in the office to take it on and do a fair job of it.

Senator TROOD—Thanks, Mr Carnell. We are pressed for time so I will give others an opportunity.

CHAIR—As there are no further questions in this element, we will now call in the Office of the Commonwealth Ombudsman.

[6.18 pm]

Office of the Commonwealth Ombudsman

CHAIR—Welcome. Do you wish to make an opening statement?

Prof. McMillan—No, we have no opening statement to make.

CHAIR—Senator Xenophon.

Senator XENOPHON—I would like to ask you about the efficiency dividend and the cuts to your budget. You have been quoted as saying that it is dangerous for the federal governments to cut budgets to watchdog agencies. Could you elaborate on that and also explain, in general terms, what the cuts have meant in practice, in terms of a reduction in the number of investigations or inquiries and dealing with public complaints that go to your office?

Prof. McMillan—Thank you for the question. The budget for the Ombudsman's office is about \$19½ million. The efficiency dividend over the four-year period is roughly \$1 million. We have coped in the office and we have made no criticism generally of the policy of the efficiency dividend. We understand the rationale. What I did in a submission to the Joint Committee on Public Accounts and Audit was draw attention to the effect that the efficiency dividend has on the office and the way the office has coped.

The office has coped largely by restricting the kinds of benefits and services that other agencies provide. For example, our salary levels lag behind those of many Australian government departments at different levels. The library of the office was closed about six years ago, shortly before I arrived. Our staff generally do not participate in off-site training seminars. We do not have videoconferencing facilities. The senior staff, on short-haul flights in Australia, travel economy class. They are examples that I have given earlier of the way the office has coped.

One other point that was made in earlier discussion of this matter was that the office encountered a substantial increase in the work in the Northern Territory emergency response, for which we had received some funding. We had received funding of \$200,000 a year, but our estimate is that in the next year it will cost the office \$1.3 million because of the large number of complaints we receive, the general workload and just the costs in visiting remote communities.

Senator XENOPHON—So does that mean that, as a consequence, you will need to cut back in other areas by \$1.1 million?

Prof. McMillan—That is right. We have had to find resources within the office. The point was simply that the efficiency dividend with a small agency really imposes heavy pressure on you to cope with unexpected demand of that kind. We have coped. The office has a large degree of discretion about investigations that it takes up on an own motion basis, for example, and the way that we handle complaints and approaches that come in the door. We can at our discretion refer a person back to an agency or we can choose to investigate, and we have had to be very rigorous about what matters we investigate in order to cope with an unexpected surge in work of the kind that we received as a result of our involvement in the Northern Territory emergency response.

Senator SIEWERT—I would like to pick up where you just left off in terms of the intervention. I have been told that you had over 550 complaints.

Prof. McMillan—That is correct.

Senator SIEWERT—Were they mainly at the beginning of the intervention or have they been spread through the period of the intervention?

Prof. McMillan—They have been spread through the period. Two things the office did were, firstly, open a new office in Alice Springs so that we could be closer to communities and, secondly, have a policy of visiting communities that have been rolled out as the rollout of the intervention has occurred. At last count, we had visited 34 communities, so there is a steady number of complaints that are received as we visit those communities.

Senator SIEWERT—So they actually come in as you visit them rather than—

Prof. McMillan—They come in as we visit them, and then, as people become introduced to and familiar with the Ombudsman's office, there are a continuing number that are received. We expect the number to increase. The other side of that is that our agency, like many others, has had difficulty historically in gaining traction in the Indigenous community, and this has given us greater visibility and profile in the community and so there have been other complaints that have come in as well.

Senator SIEWERT—Besides the cards?

Prof. McMillan—Yes, there have been others.

Senator SIEWERT—And what was the nature of those complaints?

Prof. McMillan—Apart from the Northern Territory emergency response most of the complaints we receive are just in the general business area. For example, 45 per cent of the complaints to the office are about Centrelink matters; a number that are received are in that area. In the early days we also received some complaints when decisions were made, for example, to halt the Community Development Employment Program. The big areas of complaint to the office which are reflected in other Indigenous issues include Centrelink, Australia Post, taxation, immigration and child support.

Senator SIEWERT—In terms of the intervention, what have the major complaints been about? Have they been about the welfare cards—or the store cards?

Prof. McMillan—The largest single topic of complaints has been income management issues and, within that, store card issues. There have also been a number of complaints about communication issues—for example, complaints that people did not understand the substantial amount of new information that was presented by a number of different government agencies. There were also some complaints about cultural sensitivity of government agencies. I might say that government agencies have been quick to respond to those. And we have received some complaints about the nutrition program. And, as I indicated earlier, there is the CDEP.

Senator SIEWERT—With the rolling out now of the new card, have you received any complaints about the new card or do they all relate to the old store cards?

Prof. McMillan—I am not personally aware. I might ask my colleague Mr Brent, who has been visiting the communities more recently and regularly than I have.

Mr Brent—We are receiving some complaints about the Basics Card but at lower numbers than we had feared at first. The agencies rolling out the card had consulted us prior to its release and picked up a number of comments that we provided based on our experience with the earlier income management programs.

Senator SIEWERT—You are going into new communities now—I understand that you visited 34 communities. Are the complaints you are receiving now about the Basics Card from those same communities because they have now engaged with you, or are they from new communities?

Mr Brent—The Basics Card has not been rolled out to all communities yet. We are getting a few complaints on the Basics Card from communities we have already visited. But we are still getting the bulk of our complaints from the new communities we visit, where we first come in following the rollout of the intervention and find ongoing problems.

Senator SIEWERT—Of those new communities that you go into that have the Basics Card, would there be the same percentage of complaints in a new community as you received with the old store cards, or have they been reduced?

Mr Brent—No, there would not be. I could say as a general rule that the pattern has been that as an area of complaint has been highlighted by us to the agencies, the agencies have been very responsive. That has meant that as we have moved into new communities there has generally been a shifting pattern of complaints. In relation to income management, that has been a very broad area on its own and therefore the subcategories under income management have changed. In relation to store cards and Basics cards the complaints have been more confined and we have managed to deal with a lot of those.

Senator SIEWERT—With the complaints that have been about income management as opposed to the Basics Card or the store cards, what have been the main concerns that have been expressed about income management.

Mr Brent—That has been a pretty long list, but just some examples are: the need to collect cards rather than have benefits delivered; the need to have the person who has the store credit personally do the shopping, even if they are disabled or elderly; access to balances on income managed funds such as store credits, or understanding the balances left on cards; and, matters

of flexibility, for instance, in relation to shifting the credit from one store to another, or shifting the credit from one subcategory—as was earlier provided in the income management regime—to another subcategory. They are just some of the examples.

CHAIR—Senator Siewert, do you have many more questions?

Senator SIEWERT—I have one or two more. Could we do one and place the other one on notice?

CHAIR—Yes. That would be great, thank you.

Senator SIEWERT—Have you had any complaints about the lack of ability to appeal?

Mr Brent—No. The key point there is that these are communities that have generally not had broad exposure to high-interventionist government activities and have not been used to other regimes of complaint and appeal, and we provide a new opportunity rather than a focus on the lack of any other opportunity that might exist.

CHAIR—Thank you, Ombudsman and departmental staff. I thank the committee for their indulgence. We are now going to move on to the Australian National Audit Office.

Senator Faulkner—Thank you, Chair and committee members. Our apologies for the timing problem.

[6.31 pm]

Australian National Audit Office

CHAIR—Good evening and welcome, Mr McPhee.

Mr McPhee—Thank you, Chair. Let me apologise for not being here when the committee would have liked to have us on.

CHAIR—We are just being very efficient today. Do you have an opening statement?

Mr McPhee—No, I do not, thank you.

CHAIR—We will move to questions.

Senator XENOPHON—Speaking of efficiency, in terms of the efficiency dividend you have been quoted in the media as saying that you will only be able to do 45 audits instead of 50 this year. Can you confirm that?

Mr McPhee—That is certainly our target, yes—correct.

Senator XENOPHON—And that is as a direct result of the efficiency dividend?

Mr McPhee—The combined effect of the efficiency dividend this year on the Audit Office budget is just over \$2 million. The average cost of our performance audit tends to be about \$500,000 for an audit report. Given the range of other pressures—the increasing demands particularly in our financial statement side of the business—it means that where reductions have to take place is in the performance audit area of the business. We do look for efficiencies, and we have made efficiencies within the office, but, as I have said before, what has happened across the years is that we have tended to take out a range of corporate support functions to provide front-line auditors to undertake the audit work, and that is having some impact now on our strategic ability to mount an effective program. So I have decided to

reduce the performance audit program rather than to continue to meet the targets but to deliver wafer-thin audit reports.

Senator XENOPHON—So it would affect the quality of those reports?

Mr McPhee—We wish to maintain the quality of reports. One of the things with performance indicators is that, if you want to keep up the quantity, you can, but the consequence of that is that you tend to put less effort into each audit and less quality into each audit. I would rather not do that, so we have taken a decision that to live within our budget we will reduce the target and continue to provide quality reports for the parliament.

Senator XENOPHON—With the proposed reduction of five from 50 to 45, how do you determine which audits you do not proceed with? What criteria do you use to determine which audits you do not proceed with?

Mr McPhee—It is in some respects judgemental. We tend to try and not take out the most significant reports. We try and manage by taking out audits which we rate as midrange or lower range audits.

Senator XENOPHON—Just in terms of the general principle of the role of the Audit Office, over the years, if you have discovered not so much a discrepancy but a lack of efficiency in a department, have you been able to quantify what your role as a financial watchdog has led to in ongoing savings to taxpayers, in terms of the benefit of that level of scrutiny?

Mr McPhee—Where that is readily able to be worked out, we do. That is particularly in agencies like the tax office, where we recommend a particular approach and you can readily quantify the savings. We do that. In other areas of public administration, we have not put the emphasis on quantifying the savings because that could tend to open up a wide range of discussion about what the quantity of the savings is rather than focusing on the improved practices and methods. Unlike some other overseas offices which put much more emphasis on quantifying the savings, we have not to date done that. But, where it is readily apparent and we can agree it with agencies, we do.

Senator RONALDSON—Auditor-General, I have a letter you addressed to me on 20 August regarding the CMAX Communications contract. In that letter you indicated: ‘The audit will have regard to the outcomes of the review being undertaken by the Government Staffing Committee in respect of the engagement process.’ I do not know whether you have been listening from the waiting room to the evidence today, but evidence was given that, on receipt of a similar letter by the government, they actually suspended the Government Staffing Committee inquiry in relation to this matter. I presume that you indicated that you would have regard to the outcomes of the review being undertaken by the Government Staffing Committee for good reason. Is that correct?

Mr McPhee—If the committee had concluded some matters, clearly it would have been relevant to our work and we would have taken it into account. But, equally, it is a matter for the committee to decide how to conduct its own business, and we are respectful of that as well, so we will undertake the audit now without the benefit of any particular conclusions by the staffing committee.

Senator RONALDSON—Have you been advised of any conclusions that the staffing committee might have reached?

Mr McPhee—As far as I am aware, they have not reached any conclusions.

Senator RONALDSON—Are you aware of any advice that the staffing committee has been given by the Public Service in relation to the matter?

Mr McPhee—I need to be careful here because the audit is still in progress. Can I say that our access to information has been very open. No-one has sought to protect any documents from our view, and the cooperation we have received from the department has been very good, so there is no suggestion of information being withheld from the office at this point in time.

Senator RONALDSON—Are you receiving similar cooperation from the PMO in relation to the matter, as well as the department?

Mr McPhee—I have here my colleague Brian Boyd, who is running the audit. I might just seek his advice on these matters.

Mr Boyd—We have received cooperation both from the Department of the Prime Minister and Cabinet and from any other department and any other officials, members of parliament and people employed under the Members of Parliament (Staff) Act that we have requested at this point in time.

Senator RONALDSON—That means access to emails, phone records, meeting times and dates et cetera, I assume?

Mr Boyd—Our fieldwork has not yet been completed, but to date there has not been a single piece of information either that we have not received or that we are not in the process of obtaining.

Senator RONALDSON—You have very wide-ranging powers, haven't you, in relation to the access to information?

Mr Boyd—Correct.

Senator RONALDSON—Mr McPhee made some comments in relation to the Government Staffing Committee. Have you received any information from the Government Staffing Committee?

Mr Boyd—We have received all of the information that we requested from the Government Staffing Committee. Indeed, we received it within a matter of a couple of days of having requested the information we sought.

Senator RONALDSON—What information did you request?

Mr Boyd—Essentially, the work undertaken by the Government Staffing Committee to date has been in large part a review by a person engaged by the department on behalf of the committee to investigate certain matters. The report of that review and indeed the materials which fed into that review have been made available to us as we requested.

Senator RONALDSON—Were you at the back of the room when I asked Mr McPhee about the suspension of the Government Staffing Committee?

Mr Boyd—Yes, I was.

Senator RONALDSON—Have you anything to add to that?

Mr Boyd—No. The committee's report, had they completed it, would have been, as the Auditor-General said, of use to us, but, equally, having been provided with the information, we sought both the report that went to the committee and the information that was developed through the course of that review. That has also been made available to us.

Senator RONALDSON—Anything that would have been useful to you is obviously important in the context of this matter.

Mr Boyd—It is one input to our work, but it is only one input. We are doing work essentially, largely, within the Department of the Prime Minister and Cabinet. Our focus, as per our audit objectives, is on that engagement process and the management of that contract, as well as looking at the background as to previous work that CMAX Communications did for both the current government and the former government, to the extent there has been any, to understand the context to its particular appointment for this engagement as well as more broadly.

Senator RONALDSON—Was the information that you received from the government staffing committee information relating to the members of that staffing committee—their investigation—or were you merely given the outcome of the deliberations of the public servant attached to PM&C, Mr Hamberger?

Mr Boyd—No. We have examined the information which led to that report—things, for example, such as statements of interest signed by the relevant people, records of interview and so forth. So we have seen the inputs to that report as well as the report itself.

Senator RONALDSON—Including the details of any meetings between the government staffing committee and any other staff?

Mr Boyd—We are not actually examining the conduct of the government staffing committee itself. Our focus has been in terms of our two audit objectives: firstly, the engagement process by the Department of the Prime Minister and Cabinet—and the relevance there for us is the process by which the name of CMAX Communications was suggested, which is where the government staffing committee's inquiries are relevant to us—and then the management of the contract. We are not actually auditing the conduct of the staffing committee itself.

Senator RONALDSON—I appreciate that, but were you provided with information from the government staffing committee about any inquiries or investigations or discussions with any staff members who might be of interest to you when you were assessing the effectiveness of the administration of the CMAX Communications contract by the Department of the Prime Minister and Cabinet?

Mr Boyd—I am not quite sure what it is you may be referring to, but there is nothing of that nature—

Senator RONALDSON—I am referring to the objectives of your audit, actually, which I thought you might have been aware of. I will go through that again, if you like. In the Auditor-General's letter, he said that the objectives of the audit are to assess the effectiveness

of the administration of the CMAX Communications contract by the Department of the Prime Minister and Cabinet.

Mr Boyd—What I am trying to say, though, is that the inquiries being made by the government staffing committee are post the engagement of CMAX and post the administration of that contract, so the work of the government staffing committee is not directly relevant, in our view, to addressing those audit objectives. So our focus is on the Department of the Prime Minister and Cabinet mainly in terms of how it went about engaging CMAX and how it administered that contract.

Senator RONALDSON—I think Senator Ryan has got a follow-up question to this.

Senator RYAN—Are you at liberty to outline to the committee exactly what you requested from the government staffing committee and the minister in considering your audit?

Mr Boyd—Yes, I am. Essentially what we asked for was, initially, a copy of the report that was prepared for the government staffing committee by the senior public servant engaged by the department. Secondly, we asked for the various pieces of information referred to within that report which led to the report being produced. We have received all of that information.

Senator RYAN—So, if something was considered by the government staffing committee but was not referenced in the report, you would not have requested it.

Mr Boyd—No. As I say, we are not actually examining the conduct of the government staffing committee. We are looking at what was done as part of the administration—

Senator RYAN—I appreciate that, but, if the government staffing committee saw some information which it dismissed or did not consider relevant, you would not have access to that information unless you found it via your own means, because it was not referenced in the report.

Mr Boyd—What I am saying is that we would not have sought that information because it is not relevant to the audit objectives for what we are undertaking.

Senator RYAN—I appreciate you are not auditing the government's process, but, if the government staffing committee came across a piece of information that it did not think was relevant, you, if you came across that piece of information independently, might consider it to be relevant. That is a judgement call. What I am asking is: did you request only what the government staffing committee referenced in its report or did you request specifically everything that that committee had considered but may not have included in the report?

Mr Boyd—No, we did not request everything that committee may have considered, for the reason that, as I say, we are not actually auditing the conduct of that committee.

Senator RONALDSON—Mr Boyd, with the greatest respect, Mr McPhee was seeking the outcome of the government staffing committee inquiry in relation to this matter before it was suspended. Yes?

Mr Boyd—No, we were not seeking it. We had said that the outcome of the committee's inquiry, had it been concluded, would have been of information benefit to us in conducting our work.

Senator RONALDSON—How can the work of the committee then not be relevant to your inquiry?

Mr Boyd—We would have, as I say, looked at the outcomes of the government staffing committee. We are not actually auditing how the committee may have gone about its work.

Senator RONALDSON—So, if the review undertaken by the government staffing committee had not actually made any investigation in relation to the matter independently, that would have been of no concern to you?

Mr Boyd—Had the committee not commenced its own inquiry?

Senator RONALDSON—After the event, if you were going to have regard to the outcomes of the review, you would want to get the review and then presumably you would finalise your words. If, indeed, you had the outcome of the review by the government staffing committee which said, ‘We are not going to bother investigating this,’ would you have then gone back?

Mr Boyd—Our job and our focus is looking at the same matters that the government staffing committee is looking at from its perspective. We are not looking at the conduct of the particular staff member concerned, which is what I understand to be the focus of the government staffing committee’s inquiry. We are looking at the administration of this contract, both the engagement process and how the contract itself was administered by the Department of the Prime Minister and Cabinet, who are the agency that actually engaged CMAX Communications under a contract.

Senator RONALDSON—How can you possibly assess the effectiveness of the administration of the CMAX Communications contract by the Department of the Prime Minister and Cabinet if you are actually not looking at the actions of staff members which led to this audit being requested and granted in the first place?

Mr Boyd—Senator, what we are doing is looking at the process by which they were engaged which includes, as I said earlier, the process by which their name was originally suggested, how that suggestion came about, what the Department of the Prime Minister and Cabinet then did to satisfy itself that it was an efficient, effective and ethical use of public money to engage them under a contract and then how that contract was administered.

Senator RONALDSON—So you are not actually investigating the relationships that might have led to the granting of this contract?

Mr Boyd—Yes, we are. As I say, we are looking at the processes worked through but we are not examining how the government staffing committee has conducted its inquiries.

Senator RONALDSON—What about the staffing members involved in this contract?

Mr Boyd—We will be interviewing those people.

Senator RONALDSON—Have you done that yet?

Mr Boyd—Not yet. We are in the process of finishing our work examining, considering and analysing all the various records, then we can have as informed interviews as possible.

Senator RONALDSON—Have you requested email traffic between the parties that have been mentioned in Senate estimates and elsewhere?

Mr Boyd—We have examined all the records to date that we have sought to examine. Some of those records have been email records.

Senator RONALDSON—Have you sought telephone records?

Mr Boyd—No, we have not.

Senator RONALDSON—Do you intend doing so?

Mr Boyd—If they prove to be necessary we will look into that but at this point there has not been any need from our perspective to seek any further records other than those we have already sought, had provided to us or waiting to be provided to us.

Senator RONALDSON—What else are you waiting for?

Mr Boyd—A small number of records concerning ministerial briefing processes, some financial records and some records concerning the actual outcome of some of the contractual arrangements.

Senator RONALDSON—And you do not believe that telephone records would be relevant?

Mr Boyd—This is the process we have to work through. Having already obtained records we now go through our usual process of analysing those records and seeing what they reveal to us. To the extent that there are gaps in that information, we will then look at obtaining further records should they exist. If they do not exist those are the sorts of matters we can then put to people through the interview process.

Senator RONALDSON—Mr Boyd, I appreciate this is a politically sensitive matter for the government, for the office and, I suppose, for all of us involved in this. But do I have your guarantee that you will leave no stone unturned to make sure that this is a full, thorough, comprehensive inquiry which will investigate potential relationships that may have led to the granting of this contract and which, of course, is implicitly implied in the effectiveness question of the objectives of the audit? May I have your undertaking in relation to that?

Mr Boyd—Our audit will be as thorough as all our audits are. In terms of the sorts of questions you are raising, we are looking at this particular engagement but, as I also mentioned, it is important from our perspective, as it is with all of our audits, to put any engagement in context. That is both in terms of the previous work that CMAX has undertaken for the Australia government—both the current and the former government—but also looking more broadly and putting it in the context of how public relations and media adviser firms are engaged throughout the Commonwealth.

Senator RONALDSON—I think that the word I was looking for before was ‘implicit’, by the way. How many staff members at this stage do you intend interviewing? Do you know?

Mr Boyd—At this stage we are making arrangements to interview at least six people, on top of less formal interviews with various public servants employed in the Department of Prime Minister and other departments.

Senator RONALDSON—I am mindful of the time—which is a pity. Thank you, Mr Boyd, for putting that on the public record.

Mr McPhee, can I take you to the new government advertising guidelines. By way of preamble, can I discuss with you very briefly a document called *Cleaning up government*, which was released before the last election by the then opposition. That document claimed—and I will say boldly—that:

Labor will end the abuse of Government advertising. All ad campaigns in excess of \$250,000 will be vetted by the Auditor General or their designate.

When those guidelines were released, were the words ‘vetted’ or ‘vetting’ or ‘to vet’ used at all in those guidelines?

Mr McPhee—No, and there is a good reason for that.

Senator RONALDSON—Why is that?

Mr McPhee—In looking at the proposed arrangements, I was very conscious of my role as auditor rather than decision maker. So I was very comfortable with the arrangements that government finally decided on because essentially it is a matter for the head of the agency to give the certificate that the advertising campaign meets the guidelines that the government has set. I then provide an assurance report against the certificate by the secretary. So it is very much an audit role rather than an executive role. That is a model that I strongly endorse. Just for completeness, it would be inappropriate for me to make an executive decision about whether a campaign should proceed, and the word ‘vet’ is not within the audit lexicon.

Senator RONALDSON—Okay. So effectively what has happened is that your role has been watered down and the role of the secretary has been increased because you are uncomfortable with the level of responsibility you were given. Is that right?

Mr McPhee—It is not the level of responsibility; it is a question of the compatibility with the audit function and the role of the Audit Office.

Senator RONALDSON—So you had discussions with the government about your lack of comfort with the vetting role and preferred the reviewing role. Were they terms that you put to the government?

Mr Boyd—When the government was developing their proposals they did consult with me and I certainly provided my views as to what an appropriate model might be and what I thought was appropriate for my role in particular.

Senator RONALDSON—So effectively what you said to them was that a vetting role was not a role that would be normally undertaken by the Audit Office, is that right.

Mr McPhee—Vetting may mean different things to different people.

Senator RONALDSON—Do you have an interpretation, because you were uncomfortable and you expressed that?

Mr McPhee—Correct.

Senator RONALDSON—So what was your interpretation of ‘vetting’.

Mr McPhee—Within the auditing profession, auditors provide assurance. So I considered that it would be appropriate for my role to provide assurance in relation to the certificate given by the chief executive. Because vetting is not a word in the audit vocabulary in the

normal course, it did not fit the professions guidance and standards in this area. So it was clearly a word I was uncomfortable with, just from an auditing point of view.

Senator RONALDSON—I hate to be rude and interrupt you, but we have about 4½ minutes left. I do apologise and I am sorry we did not have a longer chance to discuss this. So now, rather than having a vetting role, you are effectively reviewing a certificate granted by the secretary of PM&C. Is that right?

Mr McPhee—The secretary of the responsible agency provides the certificate—

Senator RONALDSON—So it is not even coming through PM&C. Each agency will provide you with their own certificate, will they?

Mr McPhee—Each agency provides us with a certificate in relation to the portfolio—

Senator RONALDSON—So there is no oversight at all from PM&C in relation to this matter?

Mr McPhee—Finance has the role in terms of coordination and supporting the guidelines that the government has set out. They have the central coordinating role.

Senator RONALDSON—What matters will you be looking at when you are judging the certificate provided by the department?

Mr McPhee—We look at the steps taken by the department against each of the guidelines. We look at support, the level of documentation and the level of analysis undertaken by the department to demonstrate that the campaign meets the government guidelines; if it does not we would issue a qualified report.

Senator RONALDSON—Do you need to make a judgement on words such as ‘fair’ or ‘objective’ or ‘reasonably’ as are indicated in guideline 2 of these advertising guidelines? Do you make any commentary on what must be effectively—if this makes any sense—subjective commentary on what are allegedly objective requirements?

Mr McPhee—We look to the level of support against each of those guidelines, and our certificate is presented in the negative, so we typically say nothing has come to our attention to suggest that the guidelines have not been implemented as expected.

Senator RONALDSON—But do you actually look at whether something is objective or factual?

Mr McPhee—We do work pretty hard to make sure it is factually based and soundly based. We look for technical sign-offs that the advertisement or the campaign is technically sound and accurate. We do a fairly thorough job on these campaigns.

Senator RONALDSON—What information do you request from the departments?

Mr McPhee—If I may, I will ask my colleague David Crossley to give an illustration of some of the information we seek from departments.

Senator RONALDSON—Actually, I might take that on notice. Sorry to interrupt there, but we have got two minutes left. In relation to the government advertising campaign following the release of the green paper, was that before or after the release of the guidelines, Mr McPhee?

Mr McPhee—That was after the release of the guidelines.

Senator RONALDSON—This advertising campaign, I think, commenced some four days after the release of the green paper. Is that right?

Mr McPhee—That sounds about right. Yes.

Senator RONALDSON—What involvement with the Department of Climate Change in relation to the criteria that you referred to before—'fair' and 'reasonable'—and the appropriate work that was done. How many meetings did you have with the Department of Climate Change in those very short four days?

Mr Crossley—We had a number of meetings. We were working very intensively with the Department of Climate Change to examine all of their background information that they used to prepare the advertising campaign.

Senator RONALDSON—When was the certificate given by the department head?

Mr Crossley—It would have been given on the same day, I think, that the Auditor-General signed his certificate.

Senator RONALDSON—But you are reviewing the certificate—aren't you?

Mr McPhee—Yes.

Mr Crossley—Yes.

Senator RONALDSON—So how do you, in the space of one day, review a certificate?

Mr Crossley—The whole process and the whole framework is that the audit office is being engaged at all stages along the campaign trail, if you like. So we had access to all of the other information that the department was using to prepare the campaign. The certificate by the CEO of each agency happens to be, in a sense, the last thing that the agency does. So we have already prepared our report, and it gets signed off.

Senator RONALDSON—When were you first contacted in relation to this ad campaign?

Mr Crossley—I would have to take that on notice. It was at the time that the guidelines were almost being finalised. I have not got the exact date, because it was going to be obvious that that campaign would be subject to the guidelines.

Senator RONALDSON—So, I take it from that that you were actually contacted before the official release of the green paper. Is that right?

Mr McPhee—We could perhaps take that on notice.

CHAIR—As it is seven o'clock, any further questions will be put on notice. We will now adjourn for the dinner break.

Proceedings suspended from 7.00 pm to 8.01 pm

Department of Climate Change

CHAIR—I welcome the Minister and departmental representatives to estimates. As you do not have any opening comments we will move to questions.

Senator JOHNSTON—Minister, can you take us through what the timetable is for the emissions trading scheme at the moment?

Senator Wong—The government has announced the timetable previously, Senator. We announced that we would have a green paper in July, which, as you know, is out for consultation. Submissions have closed on that. We indicated we would be undertaking Treasury modelling, which would be released this month, and that the government would determine a white paper in December.

Senator JOHNSTON—And thereafter?

Senator Wong—My recollection is that we indicated there would be exposure draft legislation put out for consultation—I am referring to page 454 of the green paper, which sets out the timetable—and the introduction of the bill thereafter.

Senator JOHNSTON—So as of now, all the timetables in the green paper are to be adhered to according to your best understanding?

Senator Wong—That is what we are working towards, Senator.

Senator JOHNSTON—Sorry, could you repeat that?

Senator Wong—That is the timetable we are working on.

Senator JOHNSTON—Is there any reason to doubt that that timetable is not going to be fulfilled?

Senator Wong—I am not quite sure what you are getting at, Senator. That is the government's timetable.

Senator JOHNSTON—That is the government's timetable.

Senator Wong—For example, the passage of the legislation obviously is a matter ultimately for the Senate.

Senator JOHNSTON—There is no reason you know of, save for the passage of the government's legislation, that would cause you to think that there would be any delay in that timetable as we sit here tonight?

Senator Wong—The government has not announced any change to the timetable, Senator.

Senator JOHNSTON—Good. When is the Treasury modelling is to be released?

Senator Wong—I understand it is the end of the month, Senator.

Senator JOHNSTON—The end of the month. That is Friday, 31 October.

Senator Wong—I am advised the end of this month but, I have to say, if you have detailed questions on the modelling they are probably best put to Treasury because Treasury is undertaking the modelling.

Senator JOHNSTON—But it is modelling for your department.

Senator Wong—Correct—or it is modelling for the government.

Senator JOHNSTON—But primarily it is your department that has commissioned the modelling, isn't it?

Senator Wong—The modelling is being undertaken by the Treasurer.

Senator JOHNSTON—So you actually do not know when it is going to be released.

Senator Wong—I have told you my understanding is: at the end of this month.

Senator JOHNSTON—But the end of this month could be the last week, the last fortnight, the last day. Do you have any idea? Help us, please.

Senator Wong—I have told you what I know, and that is what I have indicated publicly—that the Treasury modelling will be released at the end of October.

Senator JOHNSTON—What makes you say the end of October? Where do you get that information from?

Senator Wong—That is the advice I have been provided with.

Senator JOHNSTON—Who by?

Senator Wong—That is the advice I have been provided with as minister.

Senator JOHNSTON—From Treasury, I take it. That is a national secret, is it, that Treasury told you the end of the month?

Senator Wong—You are asking questions—

Senator JOHNSTON—Goodness me, what are we trying to hide here?

Senator Wong—You are asking questions about advice, and I think Dr Parkinson was going to provide you with something.

Dr Parkinson—It is 20 October today. The modelling will be released at the end of the month.

Senator JOHNSTON—Do you have any idea how many people are waiting to see the modelling to formulate their plans in life, in business, in everything, with respect to an emissions trading scheme?

Dr Parkinson—I do.

Senator JOHNSTON—And within two weeks of the end of the month you cannot say whether it is the day, the week, the next month—we just do not know. And it is your department's responsibility. Is that where it we are at on this?

Dr Parkinson—The modelling will be released by the Treasurer. If you wish to raise the issue—

Senator JOHNSTON—He has not told you guys what is happening?

Dr Parkinson—If you wish to ask the Treasurer what date he will release it, I am sure he will consider answering the question.

Senator JOHNSTON—We will do that tomorrow, will we? We will go in there and ask the Treasurer, because it is his responsibility to determine the date because you do not know?

Senator Wong—Can I make a couple of points. The first is that the Treasurer and I have said publicly the modelling will be released at the end of October. You may recall also that the assumptions which underpin the modelling were released publicly also by the government some two weeks ago. So the government is being quite transparent in the work it is doing. That is the reason that this modelling will be released publicly for people to consider. That is

the reason the green paper was released with the amount of detail which was released, and that is also the reason why the assumptions were released previously.

Senator JOHNSTON—Can you guarantee that, by the night of the 31 October, the modelling will be published?

Senator Wong—I can tell you what I have said, which is the advice I have been given is that the Treasury modelling will be released at the end of this month.

Senator JOHNSTON—Originally the modelling was due, I think, in July.

Dr Parkinson—That was the original intent.

Senator JOHNSTON—What has been the problem?

Dr Parkinson—If you recall, the previous government announced that the Treasury modelling would become available around midyear, and that was then referred to as July. When the new government was elected, it asked the Treasury to assist the Garnaut review in its modelling. The act of assisting the Garnaut review in its modelling, plus the complexity of the modelling that was being undertaken, inevitably led to a delay.

Senator JOHNSTON—So the pressure of work and lack of resources, I think, is what we are reading into this. They have been distracted doing the Garnaut thing and they could not do the modelling.

Dr Parkinson—I never said that.

Senator JOHNSTON—Well, tell me again. They were doing something with Mr Garnaut?

Dr Parkinson—I just gave you an answer. I do not have anything else to add to it.

Senator JOHNSTON—So Treasury was preoccupied with Mr Garnaut?

Dr Parkinson—Senator, we can have a discussion or you can raise your voice at me—we can go along these lines—but I have nothing else to add.

Senator RONALDSON—I raise a point of order, Madam Chair. I think it is totally inappropriate for Dr Parkinson to say that. I did not hear Senator Johnston raise his voice. He is asking quite legitimate questions. I think that is totally inappropriate.

Senator CAMERON—I thought—

CHAIR—I think it would be very helpful to everyone if we did not have continual talking over the top of one another. You have the call, Senator Johnston.

Senator JOHNSTON—Thank you, Chair.

Senator Wong—If I could perhaps assist here. I think the issue, Senator, is that you put a proposition which was not the proposition that Dr Parkinson put. That is a matter of common for you.

Senator JOHNSTON—Complexity is one issue.

Senator Wong—Can I just make the point—and I thank Dr Parkinson for reminding me of this—that a substantial amount of work was done by the Treasury in the Garnaut review. That is consistent with the position that the Prime Minister indicated prior to the election. As you will recall, Professor Garnaut was commissioned by Prime Minister Rudd when he was

Leader of the Opposition. That review, including quite detailed modelling—some of which was undertaken by Treasury and some, from memory, by other modelling institutes or resources—was made public in the Garnaut review. In fact, it was in the modelling report which preceded his final report. So there has been a great deal of information available to the public in relation to these issues, and there will continue to be.

Senator JOHNSTON—Can we just go back to why the modelling has been delayed four months. You say it is complex.

Dr Parkinson—Absolutely. It is the most complex set of economic modelling ever undertaken in this country.

Senator JOHNSTON—What are the drivers of the complexity of the modelling to your understanding?

Dr Parkinson—I think I would rather the Treasury answer that question. I am no longer in the Treasury. So I think it would be appropriate that those questions be directed to the people who are in the Treasury.

Senator JOHNSTON—Do you know?

Senator Wong—I think Dr Parkinson—

Dr Parkinson—Do I know what?

Senator JOHNSTON—The drivers of the complexity?

Senator Wong—I think the point Dr Parkinson was making is that he probably could understand them because he was deputy secretary to Treasury. He is now the Secretary of the Department of Climate Change. This modelling is being undertaken by Treasury and, as I indicated to you—I think very early in this estimates hearing—if you have detailed questions of the modelling, they would be best addressed to them.

Senator JOHNSTON—Whose policy is the emissions trading scheme—the Carbon Pollution Reduction Scheme?

Senator Wong—It is the government's policy—

Senator JOHNSTON—Which department?

Senator Wong—If I could finish. It is the government's policy; it is our election commitment. Under the administrative arrangements, I have responsibility. But it is a whole-of-government exercise and the modelling, as I have said to you, is not being undertaken by the Department of Climate Change. It is appropriately being undertaken by Treasury.

Senator JOHNSTON—I am asking important questions of your department. The modelling directly relates to your primary policy, and you are going to fob me off as being inappropriate in asking questions about this here and send me off to Treasury. What is the problem here?

Senator Wong—I am actually trying to be helpful to you, Senator.

Senator JOHNSTON—No you are not. You are not being helpful. I am asking legitimate questions about the modelling.

Senator Wong—I do not like that tone, Senator.

Senator JOHNSTON—I am asking legitimate questions about the modelling, and you are prevaricating.

Senator JACINTA COLLINS—Yes, back to the decibels issue. Your aggression is highly inappropriate.

CHAIR—Senators, can I just remind you that it has been a long day thus far, and we have limited time available to us. If we continue to have dialogue backwards and forwards across the room, we are not going to achieve very much. The minister was trying to answer your question, Senator Johnston.

Senator Wong—Senator, I think I indicated to you at the very outset of your questions that, while we could assist with some matters, detailed questions on the modelling would appropriately be the subject of questioning of the Treasury.

Senator JOHNSTON—May I ask why it is appropriate to ask Treasury when the modelling is for your department?

Senator Wong—Because they are the ones undertaking the modelling. Treasury undertakes the economic modelling.

Senator JOHNSTON—So you have seen no modelling and have had nothing to do with the modelling?

Senator Wong—I am sure you have seen Labor Party policies, too, but you are not the person to be asked questions about those, except perhaps as a coalition senator. Correct?

Senator JOHNSTON—A question with a question is not really an answer, unfortunately, Minister. Have you seen any of the drivers of the complexity of the modelling?

Dr Parkinson—Perhaps if I could help. The minister noted a moment ago that about two weeks ago Treasury released a document that discussed some of the assumptions. We will provide you with a copy of that, if you do not have access to it. You can see from the range of assumptions there the different approaches that have been taken in the modelling and the complexity of the issues. All I was saying earlier was that I think that, as Secretary to the Department of Climate Change, it would be inappropriate for me to comment on the detail of the Treasury modelling.

Senator JOHNSTON—It is inappropriate because they know everything and it is their copyrighted issue?

Senator Wong—They are the ones undertaking the work. While there is consultation and obviously interaction between the departments, the actual modelling is being undertaken by Treasury. So, in the interests of ensuring you get the fullest picture possible, I am inviting you to consider putting those questions to the Treasury.

Senator JACINTA COLLINS—On Wednesday and Thursday you will have the opportunity to talk to Treasury.

Senator JOHNSTON—Thank you. Because they have done the modelling for your primary policy—

Senator Wong—For the government's policy.

Senator JOHNSTON—But it is a policy for your department—

Senator Wong—It is the government's policy—

Senator JOHNSTON—analysing your policy on an emissions trading scheme, and it is inappropriate for you to comment on it. I am happy with that. That is right?

Senator Wong—I do not believe those are the words I used?

Senator JOHNSTON—You do not agree with that contention?

Senator Wong—I would invite you to consider my answer. We can go all night on this, if you want. I would make the point that the government has been most transparent in this regard. We have released the assumptions ahead of the modelling. We have assisted Professor Garnaut and his review, which sets out a range of very detailed economic modelling, and we have released a very detailed green paper. Our intention is to proceed methodically through what is a complex policy matter.

Senator XENOPHON—I have a follow-on question to Senator Johnston's and it is also in terms of what the minister has just said. It is a process question that I ask if you could assist me in clarifying. Given the time it has taken to do the modelling, how can you incorporate the comments on the assumptions in the modelling in the relevant time frames that have been set out?

Dr Parkinson—Perhaps I could answer that. The way in which the modelling was undertaken was that, over a number of months late last year and earlier this year, Treasury had a very extensive consultation process with experts here and abroad about input assumptions. The paper that came out recently was an attempt to bring all of those assumptions together. So there has been a lot—

Senator XENOPHON—This is the summary of assumptions and data sources, 3 October 2008?

Dr Parkinson—Yes. There has been an extensive process of consultation about individual assumptions. Given that, the report will be fairly extensive when it comes out. What the Treasury and the Department of Climate Change concluded was that it would be valuable to release the assumptions document well in advance of the release of the modelling report so that people could actually read the assumptions document, absorb that and prepare themselves to understand better the detail and modelling results. So it is not a case that we are going through an extensive consultation process around this document; that consultation has already occurred.

Senator XENOPHON—Chair, I will take your guidance. I have a number of questions on the assumptions document. I know that Senator Johnston is in mid flight, so I can flag my questions and queue up.

Senator Wong—Senator Xenophon, I have the assumptions document in front of me. The point I was make regarding those questions was where they would best be asked. It is a document released by the Treasury and it refers to the fact that Treasury has engaged widely with industry et cetera on the methodological approach to modelling et cetera. While we can assist to the extent that we can, as I said, the department responsible for the economic modelling is Treasury.

Senator XENOPHON—Very well. Thank you, Minister.

CHAIR—Do you want to continue?

Senator XENOPHON—I think it is probably more appropriate that I direct those questions to Treasury.

Senator JOHNSTON—Has the review by Mr Wilkins been completed?

Senator Wong—Yes. You may recall that Minister Tanner and I announced in February that Mr Wilkins had been engaged to lead a strategic review of Commonwealth climate change matters. The commissioning minister, however, was Minister Tanner. The government has received the report. We are currently considering the report's recommendations, and we will respond in due course.

Senator JOHNSTON—Your department has not commissioned Mr Wilkins's report?

Dr Parkinson—Perhaps I could explain the background. The Wilkins review is one of the strategic expenditure reviews that the department of finance had in train prior to the previous election. My personal involvement was actually in considering at an early stage, prior to the election, the terms of reference and who might appropriately conduct that review. Once the Department of Climate Change was created and I was announced as secretary, I then had an obvious conflict of interest, given that a number of the programs that were going to be subject to review were now in my new department. So I was essentially recused from the process and the department of finance—it was their strategic review—have been responsible for that.

Senator JOHNSTON—Who's paying for the review? Which department is paying Mr Wilkins' fees?

Dr Parkinson—It was paid for by the department of finance.

Senator JOHNSTON—Are you aware of whether the government is going to release that review?

Dr Parkinson—I think that is matter for the government.

Senator JOHNSTON—It is a simple question. Minister, are you aware of whether the minister is going to release it?

Senator Wong—I think the status is, as I outlined, the minister for finance has formally received the report, the government is currently considering the report's recommendations and we will respond in due course. I would anticipate that a decision about the publication or otherwise of the review would be made within that context.

Senator JOHNSTON—In due course?

Senator Wong—Correct.

Senator JOHNSTON—So can you tell me when you received the report into your department?

Dr Parkinson—Sorry, Senator, just to clarify—

Senator Wong—It is not into our department. But it is important. I think Dr Parkinson outlined this. This was a strategic review and related to a range of climate change measures, not only those which reside within DCC.

Senator JOHNSTON—Minister, who has responsibility to determine whether it will be released or not?

Senator Wong—I suspect that will be a matter for government.

Senator JOHNSTON—Who is the responsible minister to take that before cabinet?

Senator Wong—I would not comment on cabinet processes.

Senator JOHNSTON—It is not a comment on cabinet process; it is a comment on who is the responsible minister.

Senator Wong—I can tell you that formally it was the minister for finance who commissioned the strategic review. Obviously we had some involvement, and I was part of the announcement of the fact of the Wilkins review. I have indicated that we have received the report. The government will consider its recommendations and respond in due course.

Senator JOHNSTON—But does that mean you have any role in the process?

Senator Wong—I am really not going to go into cabinet matters.

Senator JOHNSTON—But you have told me enough to say that you know it is going to be considered ‘in due course’. Obviously you are saying that for a reason, but then you are telling me it is the minister for finance’s review. Which minister is it?

Senator Wong—The context of your question was that you asked me which minister or ministers were responsible for taking the matter before cabinet. I have taken an approach in these hearings previously where I have made it clear that I do not discuss cabinet processes.

Senator JOHNSTON—Do we have a final cost with respect to the Garnaut review process, if it is completed?

Dr Parkinson—It is not quite completed. Most of the review team have ceased work. There is a skeleton staff that is basically collating and archiving documents, managing the transition of the website and the like. Until we get to the end of the month, get all the invoices and make sure everything has been paid, we will not be able to tell you the exact cost. But on our current estimates things look like they are going come in a bit under the funding amount that is being appropriated. So we had appropriated \$2.3 million for the Commonwealth’s contribution. It looks like it will come in a bit under that.

Senator JOHNSTON—Do we know the states’ contribution on top of that?

Dr Parkinson—Roughly fifty-fifty.

Senator JOHNSTON—Good. Is the committee going to see a full breakdown of those costs, or are they going to be disclosed in budget papers or in annual reports?

Dr Parkinson—They would be disclosed, but perhaps at a higher level of aggregation than you may be interested in. Contracts in that would be indicated separately, but, if you have an interest, we can pull that information together for you at the end of the process.

Senator JOHNSTON—I would be very much obliged if you would, breaking up all of the costs incurred by the Commonwealth in terms of wages, salaries, travel, accommodation, rentals et cetera.

Dr Parkinson—We will do what we can.

Senator JOHNSTON—I would be very much obliged.

Senator Wong—We can do that as at the date on which that is provided, Senator.

Senator JOHNSTON—Very good.

Senator Wong—Well, admittedly prior to that.

Senator JOHNSTON—Minister, I have some questions with respect to your travel. Can I ask: how many overseas trips have you as minister undertaken since the election?

Senator Wong—Certainly, Senator. I can go through those and also indicate what they were. Obviously, I attended the Bali conference. I attended a major economies meeting—which, as you may recall, is a US-government-led process that President Bush established that I think your government also was involved in—in January. With a number of other ministers, I attended the Australia-Papua New Guinea Ministerial Forum. I participated in part of the Prime Minister's China visit in April. I attended the G8+5 environment ministers meeting in Kobe, another major economies meeting in Seoul and another major economies meeting, which was also the G8 outreach meeting, which the Prime Minister also attended, in Hokkaido Toyako. Then I attended what I suppose you would call two pre-conference-of-the-parties discussions, the conference of the parties being the meeting in Bali and then at Poznan; and the 'Southern Lights' ministerial dialogue in Argentina. Then the most recent was what is known as the pre-COP, the pre-conference-of-the-parties, informal ministerial consultations in Warsaw.

Senator JOHNSTON—Correct me if I am wrong: is that 11 or 12?

Senator Wong—Nine, I think.

Senator JOHNSTON—Could you give me the duration of each of those overseas undertakings.

Senator Wong—I can tell you the dates I was in each place. Obviously, in addition to this there is travel. From 12 to 15 December, I was at Bali; 30 and 31 January, MEM, Honolulu; 23 April, Papua New Guinea; 8 to 13 April, Australia-China; then there were two weekends in Japan, 24 to 26 May, which was the G8+5, and 21 and 22 June, which was the MEM; then 9 July, which was the G8 outreach; 15 to 18 September, which was Argentina; and Warsaw, which was 12 to 14 October 2008.

Senator CAMERON—You are working hard.

Senator JOHNSTON—What trips have you got planned in the near future, Minister?

Senator Wong—I will have to attend Poznan, which is the next round of the negotiations that were kicked off in Bali.

Senator JOHNSTON—Which is when?

Senator Wong—December.

Senator JOHNSTON—And thereafter?

Senator Wong—I have not written to the Prime Minister, to my knowledge, seeking any travel in relation to next year as yet.

Senator JOHNSTON—With respect to these nine trips to this point, how many staff members do you take with you as per normal?

Senator Wong—One.

Senator JOHNSTON—So that is you and another. Did you exceed that number on any occasion?

Senator Wong—This is personal staff as opposed to officials.

Senator JOHNSTON—Both.

Senator Wong—I could not answer in relation to officials because often in these—for example, at Bali there were quite a number of Australian officials there present prior to the high-level segment. I had one personal staff member on each of these.

Senator JOHNSTON—One personal staff member, and save for Bali, which we have explored, the other trips engaged how many departmental officers?

Senator Wong—I do not have that information. The department would have that information. But in general you would have Ms Adams, who is the Ambassador for Climate Change, and/or Mr Bamsey, who is the deputy secretary and the Prime Minister's Special Envoy on Climate Change, plus—

Senator JOHNSTON—So we have a special envoy and an ambassador?

Dr Parkinson—Yes.

Senator Wong—The intention behind the appointment of the special envoy, if I can indicate that, was because the number of international meetings where ministerial level representation is sought is simply beyond my ability to attend, and it was felt important to have both Ms Adams, who is our chief negotiator, and also Mr Bamsey, who could operate as, I suppose, a ministerial delegate.

Senator JOHNSTON—Ms Adams, how many departmental officials attended with the minister in addition to her personal staff at each of those eight events subsequent to Bali—because we have been over Bali?

Ms Adams—Yes, I could certainly provide you with that information. I do not have it detailed in front of me. In general, for these meetings it would be one to two officials, as the minister has indicated.

Senator JOHNSTON—Does that include the ambassador and the special envoy?

Ms Adams—Either/or—generally one, two or three officials.

Senator JOHNSTON—Do the ambassador and the special envoy take personal staff?

Ms Adams—No, unfortunately.

Senator JOHNSTON—Any staff?

Dr Parkinson—Senator, I can assure you they are not funded to have personal staff.

Senator JOHNSTON—Okay. Any staff?

Ms Adams—On occasion, at one or two of these, there may have been another staff member—quite rarely but occasionally.

Dr Parkinson—Can I just clarify. The main reason other staff would go along would be if they were participating in parallel discussions.

Senator Wong—For example, we had staff at Bali who were involved in some of the technical level negotiations—for example, on forestry, which as you know is an important issue from Australia's perspective. So you would have additional officers for those sorts of negotiations. They often will precede, certainly in the COP process, the high-level segment.

Senator JOHNSTON—I am finished with those questions about those matters. I want to ask some general questions now, unless there is someone who wants to intervene.

Senator XENOPHON—Dr Parkinson, I take it from the minister's comments that the specific questions on modelling are best directed to Treasury. But, in terms of process, what role did you play in relation to the issue of modelling? Can you just explain the process in terms of your role in relation to that?

Dr Parkinson—The modelling reports to the secretary of the Treasury and me, in a joint responsibility sense. The way in which the modelling has been undertaken is that a team has been established in the Treasury reporting on a day-to-day basis to senior Treasury officials. It comprises a range of people from various parts of government, including DCC officials who have been part of the Treasury team. They have been outposted there in the same way that we have secondees from the Treasury in the department at the moment working on Carbon Pollution Reduction Scheme design issues, because it is a whole-of-government response.

Senator XENOPHON—In regard to the approach to the modelling—in terms of the consultation process—was that the subject of public comment? In terms of the consultation as to the approach to the modelling, how did that process operate?

Dr Parkinson—The consultations were undertaken by that team, which is housed in the Treasury. So I would defer to them for the detail of how they actually went about it. But in the broad they basically engaged in a series of meetings with people here and abroad—people who are experts in the field. They took and in a sense soaked up what people wanted to tell them and then—because they worked not only across government but also with some of the leading private sector modellers in Australia who have been working for the Treasury on this exercise—

Senator XENOPHON—If I could briefly interrupt, would it be possible to get details of the extent of that consultation—the sorts of groups and people that were approached?

Dr Parkinson—I am sure the Treasury will be happy to give it to you. We would happily give it to you if I had it at my fingertips, but I do not have it.

Senator XENOPHON—If you would take it on notice, I would be happy with that.

Senator Wong—We would probably refer that question to the Treasury—we can do that.

Senator XENOPHON—I would be happy with that, Minister.

Dr Parkinson—Just to be clear, that is consultation around the modelling, not consultation around the CPRS.

Senator XENOPHON—Yes, I understand.

Senator Wong—We can answer questions about that.

Senator XENOPHON—But, in relation to the consultation about the modelling, it was not a public process, it was basically officials going out and talking to various individuals in the private and public sector?

Dr Parkinson—Basically going out and talking to people who were acknowledged experts.

Senator XENOPHON—So it is not as though there was an invitation at large for experts to come forward. It was a case of approaching the experts who you thought appropriate?

Dr Parkinson—No, I think we, the Department of Climate Change, took the opportunity in our engagement with business groups to alert them to the fact that the Treasury was seeking input and to strongly encourage peak business groups and individual firms, who had an interest in participating in that, to take up the opportunity.

Senator XENOPHON—Again, that will be referred to Treasury in terms of the people and the groups who were consulted. Can I just—

Dr Parkinson—Senator, Mr Comley has just reminded me that in the business round tables we had over the preparation of, first of all, the green paper and then the subsequent consultation over the white paper this was often an issue that was raised by us with business in order to ensure that business was well aware of the opportunities.

Senator XENOPHON—I understand. But it was not a public process. There was not an ad, as with a committee, saying to come forward.

Dr Parkinson—No, there was not, and the nature of it would mean that that would not have been the sensible approach. You can identify fairly easily who the people are who have the real expertise in Australia and abroad over, for example, whether carbon capture and storage would be commercially available this decade or next decade or whenever or whether different types of renewable technologies might be available and so on.

Senator XENOPHON—With the chair's indulgence, can I just ask a question on the issue of the green paper—whether it is relevant at this time—about the forms of emissions trading that were considered. For instance, Canada is going down a different path with emissions trading. Some would say that it has a similar economy to ours because it is similarly resource-rich. They are looking at quite a different model to that considered in the green paper. Can you indicate what process was involved in determining which appropriate emissions trading models would be considered and, given Canada's economic profile and similar resource-rich economy, what process took place to not consider the Canadian model—to put it in neutral terms?

Dr Parkinson—You put me in a difficult position, Senator.

Senator XENOPHON—That is not my intention.

Dr Parkinson—I would not want to make comment on my assessment of appropriateness or otherwise of other countries' models. We undertook two separate visits to Canada as part of our own research into this. One of those visits was in the guise of the task group on emissions trading, which was the previous government's task group, and then one was at the end of last year.

Senator Wong—My recollection—and I am sure an official will jump up if I have it wrong—is that this scheme looks at the intensity targets.

Dr Parkinson—It is an intensity measure.

Senator Wong—It looks at measures of intensity, which obviously means the environmental outcome is much more uncertain. You might be aware, Senator, that on the Kyoto figures my recollection is that Canada is substantially beyond the Kyoto target.

Senator XENOPHON—Is that from the base they started from?

Dr Parkinson—No. It is basically because the way in which they have set up their scheme they will not effectively control their emissions cap. They will not control the quantity of emissions. They have also taken the decision which allows people to meet their responsibility by making a payment into a technology trust. We can provide you with additional factual material on the issue if you are interested.

Senator XENOPHON—Yes, I am.

Dr Parkinson—The consequence of the Canadian approach is one that—I want to choose my words carefully—the task group on emissions trading under the previous government was attracted to.

Senator XENOPHON—The Howard government.

Senator Wong—Senator, you asked—and it is a reasonable question—what was the precursor for the government determining a cap in trade. This is a debate that has been undertaken for quite some time, I think, in Australia and internationally about what is the best mechanism. We adopted a cap in trade approach, which the previous government eventually did as well, but we adopted that as policy prior to the last election. That was on the basis that we considered having a market mechanism would be the most efficient and lowest cost way to adjust, over time, this economy from a higher carbon to a lower carbon economy. We took a policy decision on that issue and it was one that was well ventilated prior to the election. We were very clear that this was what we would do.

Senator XENOPHON—But, Minister, there are variations in the cap in trade as we have seen from the early days of the European scheme.

Senator Wong—I am sure you would not want me putting to government that we should replicate the early years of the EU scheme.

Senator XENOPHON—No. I am just saying that there were real difficulties.

Senator Wong—There are proposals that the government has put in the green paper and we would be happy to provide you with a further briefing on this. I have noted some of your comments in relation to the ETS and the GST and I hope we can put some information in front of you to make it clear that we are taking a very careful and methodical approach to this and that we have thought very carefully about what is the best model for Australia.

Senator XENOPHON—There is a fair degree of policy discretion, isn't there, in terms of what is being proposed? Isn't it inevitable that that degree of policy discretion creates a degree of investment risk in the context of how the scheme would operate?

Senator Wong—We are very conscious as a government of the importance of certainty in this policy area. In terms of some of the brief history of this, you may or may not recall, one of the things that occurred under the previous government was that a number of very high profile business people made it clear to the previous government that lack of policy certainty on this front was problematic.

It is a consistent view put to me as the minister that one of the things government can do is provide certainty for business. We are very conscious, for example, that in some of the sectors that will be affected there are very long-run investment decisions that have to be made. One of the reasons the government put out, in a very short space of time, really—if you consider when we came to government—a green paper with that level of detail was so we could be very clear what the preferred positions were and enable good consultation with industry on these issues. And it is why we are proceeding with the timetable we laid out—because we are very cognisant that delay on this front would in fact add to business uncertainty. But you raise a very important policy point, Dr Parkinson. Senator, I think Dr Parkinson wants to add something. If I have made a mistake, it is always good if he adds to my answer.

Dr Parkinson—No mistake at all, Minister. Senator, you raised a very important point. You raised it in the context of Canada, but it was something which we were very conscious of when we went into this whole exercise: the thinking in other countries, because there are degrees of discretion about how one designs one's cap-and-trade system, and the lessons that could be learned. We had very frank and extensive discussions with a number of European countries and with the commission about some of the things that had worked and some of the things that had not worked, and what they had learned from that. We have had extensive consultations with the Canadians, we have an ongoing work program with the New Zealanders as put their scheme together and I have had a number of discussions with the Californians, who have been the ones driving the Western Climate Initiative.

Senator XENOPHON—Could I just clarify what the minister and you have put in relation to this—and I hope this is a reasonable question. Isn't the compensation approach proposed by the government based on an intensity target? Am I mistaken in that? Isn't there a link between the two—isn't the compensation approach based on an intensity target?

Dr Parkinson—That is a very good question. In one sense there is an element of that. It is not an intensity target but basically you are setting the amount of support that would be provided per unit of output and then you are allowing output to move, and then that is the determinant of the total number of permits that individual firms will get. The Canadian system is a bit different. Frankly, I would have to get some background information and refresh myself, but we can—

Senator XENOPHON—If I can put that on notice, I would appreciate it.

Senator Wong—Yes, Senator; I think that would be useful. We might provide you with an answer to a question on notice which outlines to the best of our knowledge the Canadian scheme and—I do not want to say 'our assessment of it'—perhaps an explanation of it.

Senator XENOPHON—An assessment or explanation would be fine.

Senator Wong—I am trying to be judicious here.

Dr Parkinson—I think the important thing to recognise is that the Canadian scheme has an emissions intensity target embedded in it in such a way that it does not control aggregate emissions. The Australian scheme has an explicit cap. Within that it has a support mechanism, or a mechanism that attempts to avoid prejudicing the competitiveness of our emissions-intensive trade-exposed firms. That support mechanism has an intensity element to it, but they are not the same thing—there is a very significant difference. Also, in the way the Canadian scheme is designed, frankly, I do not think you will see very much trading. There is no obligation, no need, to trade at any point in time because you do not need to accumulate permits, because you can expunge your liability by paying into a technology fund.

Senator XENOPHON—On notice, an assessment, critique or whatever of the two schemes would be useful.

Senator Wong—We can provide that. We can supplement it with a verbal briefing too, if you would prefer that. Chair, before you go to Senator Milne, I think I may have neglected, in answer to Senator Johnston about overseas travel and the Warsaw trip, to indicate that directly after that I came back via London, where I engaged in bilateral climate change meetings on the 15th and 16th.

Senator JOHNSTON—Thank you.

Senator MILNE—That is a happy coincidence, Senator Wong, because I was about to ask you about bilateral talks in London. I wanted to know whether you met with the new Secretary of State for the Department of Energy and Climate Change, Ed Miliband.

Senator Wong—Yes, I did.

Senator MILNE—Did he discuss with you their decision to increase their target to an 80 per cent reduction on 1990 levels and give you any reason for doing so?

Senator Wong—I did have the opportunity to meet with Mr Miliband, which obviously was very useful because there has been a recent reshuffle and he has only recently taken over this position and they have restructured the portfolios to combine climate change and energy. That was useful because the Australian government had not had the opportunity as yet to engage directly with him. In fact, I met him the day he made that announcement in the House of Commons. But, to be frank, primarily our discussion revolved around the international negotiations.

Senator MILNE—Nevertheless, it has been widely reported in the media that he said that, whilst eight years ago 60 per cent might have been an acceptable target, it no longer is because of the accelerating nature of climate change. That is why they have changed their position and they are going to legislate for the 80 per cent. So I go back to the appropriateness of the government's target of 60 per cent. Is the government intending to review its target in the light of the science, as the energy and climate change secretary has for the UK government, or do you believe the science does not warrant that review?

Senator Wong—I think you and I have canvassed this before, and I understand what your position is. The government's position is that 60 per cent, particularly for an economy like Australia's, is an ambitious target. The government also believes that, consistent with what Senator Xenophon said, there is an issue of certainty here. This is the figure with which we

went to the election. This is very clearly the figure that we have committed to and in relation to which we have a mandate. Can I also make the comment—and this is in no way a criticism of the UK—that in some ways these are different sorts of targets. The targets the government sets at 60 per cent and whatever mid-term range it sets are the targets which will underpin hard scheme caps. I think Mr Miliband may have used the term ‘aspirational’—I cannot recall, but it was words to that effect—whereas these are targets that predicate or underpin judgements about what the scheme caps will be after the government sets its mid-term target range. So it is a somewhat different policy context.

Senator MILNE—Nevertheless, he is saying the reason they are setting it at 80 per cent, for which they will legislate—so it is a legislative commitment at the very least—is because the science requires it. Is the government still of the view that a 60 per cent reduction by 2050 will avoid dangerous climate change or at least constrain it below two degrees?

Senator Wong—As you know, that sort of environmental target is a question of total global emissions. Our view is that 60 per cent is a reasonable share of that reduction for Australia. We made that clear prior to the election. Your questions about two degrees and related matters are questions that go to the totality of global emissions, which no single country can deliver. We do believe that, as a global problem, this requires a global solution. That is in part why we are engaging bilaterally and multilaterally to the extent that we are able.

Senator MILNE—But would you also agree that, if developing countries are permitted to develop, developed countries have to take higher targets so that the developing countries can meet their development needs.

Senator Wong—I think that is clear from all of the available data, and Professor Garnaut’s report looks at that. It looks at the fact that the trend in growth in global emissions is in large part being driven by developing countries. And I have previously said that the solution to climate change is not to seek that people remain poor. What we have to do is de-link emissions growth and economic growth in a way that humanity has not previously achieved. It is a very substantial and difficult task. I know that your party’s views on this do not correlate with the government’s, but it is in one part why the government does believe CCS is a very important technology, because the reality is that for much of the developing world coal will remain a substantial component of energy.

Senator MILNE—I will come to CCS in a minute. I would like to just know whether you think it is actually easier for the UK to reduce emissions than it is for Australia? That is implied in the answer you gave.

Senator Wong—I could refer you to Professor Garnaut’s review because I think he outlines some of the challenges facing Australia in terms of reductions in emissions. As you know, Senator, we are a very high per capita emitter and that obviously means that reductions off a high level to achieve, for example, a significant cut require a higher level of reduction. And we also are an economy that has a very high proportion of coal as an energy source. I think 80 per cent of our electricity comes from coal. My recollection is that that is significantly higher than a number of European countries. I would note that it is, I think, of a

similar level to that of Poland, and you will, I assume, have seen some of the international commentary about that country's concerns about some aspects of climate change policy.

Senator MILNE—I do know what Professor Garnaut has said, but I also note that the government has at times referred to him as an 'input'. Given that he is one input, I am interested to know whether the government thinks it is easier for the UK to reduce its emissions than it is for Australia?

Senator Wong—I am not sure I would just simply go for easier or harder. I would just make the point about the shape of our economy, our population growth over the same time and our current energy source, which presents a certain number of challenges to us, some of which are outlined in Professor Garnaut's report. My recollection also is that the UK, I think, has nuclear power.

Senator MILNE—Yes, they do.

Senator Wong—And as you know that is not the approach that this government proposes to take and nor the approach I think that your party seeks.

Senator MILNE—That is right. They also have renewables. They have a range of—

Senator Wong—And we have a 20 per cent renewable energy target, as you know, Senator.

Senator MILNE—Just to follow up on what you were saying about carbon capture and storage and the issue of the Treasury modelling, was it your department—or can anyone in this department tell me—who advised Treasury that carbon capture and storage would be commercially viable by 2020 to 2025? Did that assumption come from your department for Treasury?

Dr Parkinson—No, you would have to ask Treasury.

Senator MILNE—Well, do we have a whole-of-government approach on climate change?

Dr Parkinson—Yes, but that was not the question you asked me.

Senator MILNE—Well, it is the question I am asking you. Surely the federal Department of Climate Change should be feeding in some of the information about probabilities. Treasury has made an assumption that that technology will be commercially viable.

Dr Parkinson—Treasury has made all of its assumptions on the basis of extensive consultation and advice from people who have expertise in the field. You asked who advised them, and I said you would need to ask Treasury who advised them over that issue.

Senator MILNE—I am asking: did anyone from your department advise them on the commercial viability of CCS?

Dr Parkinson—We are not the ones with competence in this issue.

Senator MILNE—Fine, I will ask Treasury. I just wanted to establish whether the Department of Climate Change had given Treasury any indication of a view about that.

Senator ABETZ—Let me understand this properly. With respect to the CCS issue the expert department on which we should be relying is Treasury, not the Department of Climate Change?

Dr Parkinson—No. The question that Senator Milne put to us was: was the Department of Climate Change the one responsible for saying to Treasury that CCS will be commercially viable by 2020?

Senator ABETZ—Does the department believe that CCS will be commercially viable by 2020 or shortly thereafter? Has that informed your views in the government discussions?

Dr Parkinson—We would take the view on this that we are best guided by people in industry who are close to the issues and who understand the commercial challenges that they themselves face, and they are the people that Treasury has consulted with.

Senator ABETZ—Yes, but if we go to Treasury, they will undoubtedly say, ‘We’re just going on advice from—’ and we will go the round robin all week and no department will actually get hold of what seems to be a very greasy pig; when you think you have got hold of it, it slips through your hands.

Senator Wong—Sorry, I thought the coalition was supportive of efforts to commercialise CCS.

Senator ABETZ—We are very supportive of efforts to get this government to actually explain to the Australian people what a lot of their assumptions are based on. What I am trying to find out, along with Senator Milne—and, chances are, from different sides of the political spectrum, just in case anybody was in doubt—is how the government was informed. You cannot tell us. Treasury will undoubtedly tell us, ‘We do numbers; we do not know about the science.’ Should I be asking the science portfolio?

Dr Parkinson—The question is one of two parts: is it technically viable and is it commercially viable? I do not know who Treasury consulted over the technical viability. What we do know is the people in business that we have been party to conversations with—and we were not the ones deciding this particular assumption in the modelling—have taken the view that it all depends on the price. If the price is sufficiently high then you can bring forth commercially viable CCS. That is the same issue with renewable technologies. If you have a carbon price that is low, and is perceived to remain low, you will neither bring forth renewable energy sources of the sort that can displace coal-fired generation such as geothermal—

Senator ABETZ—So, it is scientifically practical?

Dr Parkinson—No, this is the practical matter. Unless the price is sufficiently high you will not be able to bring forth those transformative technologies, whether it is CCS, geothermal or whatever other technologies might be out there.

Senator ABETZ—But this department is satisfied that it is scientifically doable?

Dr Parkinson—Actually, I would caution on that. I personally think that what we need to do is to invest a significant amount of money in CCS to find out whether we can break the back of it and bring it in. There are a range of different types of CCS. You can capture and sequester—

Senator ABETZ—Before it goes in, after it burns et cetera. I know all that.

Dr Parkinson—Absolutely. Some are clearly technically capable now, and what we are looking for is a price to bring them to market; others, such as postcombustion capture out of the chimney, are a different matter. We need to invest a significant amount of money in this to check whether or not—

Senator ABETZ—But there is a scientifically doable—if I can use a very unscientific term—carbon capture and storage scheme in scientific terms? We can do it?

Dr Parkinson—I would defer to Peter Cook or someone of that ilk on all of the science. But my understanding—

Senator ABETZ—All right, so where do we go for that?

Dr Parkinson—is that there are parts of CCS which are technically viable and where we are looking for a price for commercial viability and there are others where we are still in the world of experimenting to see if we can capture. So both of those issues have to be addressed. Mr Carruthers advises me that there is an IPCC, Intergovernmental Panel on Climate Change, special report on the viability of CCS.

Senator ABETZ—Is that is being relied upon? Is that informing us? I am trying to get a handle on what is informing our decisions.

Dr Parkinson—I am not trying to dissemble on this; I honestly do not know who Treasury has consulted on the issue.

Senator MILNE—How much is the government spending all up right now on carbon capture and storage?

Senator Wong—I do not think this portfolio is spending anything. As you would know, Senator, there is in Minister Ferguson's portfolio a range of policy initiatives, one of which is the Global Carbon Capture and Storage Initiative. In addition, there is a low-emissions coal technology fund. But they are not programs within this portfolio.

Senator MILNE—It is very difficult to get a handle on how much the government is spending across a whole lot of portfolios on this issue.

Senator Wong—Senator, I think you asked me these questions on the last occasion and, as I said to you, the funding for the low-emissions coal matters—and I may be corrected by my officials—comes out of Minister Ferguson's portfolio. So, if you have detailed questions about the expenditure and other aspects of those programs, they should be addressed to the Resources and Energy, and Tourism portfolios.

Senator MILNE—Okay. So in terms of the policy issues around carbon capture—

Dr Parkinson—The National Low Emissions Coal Initiative is a fund of \$500 million.

Senator Wong—And that was an election commitment so you would be aware of that.

Senator MILNE—I understand that. I am trying to get an idea—

Dr Parkinson—You are after a holistic view.

Senator MILNE—I am trying to get a holistic idea of what the government is spending on carbon capture and storage, and it is very difficult to get any sense of that across the whole of government. Now I will come to a policy question on carbon capture and storage, given that

the Prime Minister made it a part of his speech to the UN recently. It is rumoured that Australia intends to get a global coal pact out of Poznan, to elevate AP6 to a global pact for a multibillion-dollar investment in carbon capture and storage. Is that something Australia is pursuing?

Senator Wong—A global coal pact.

Senator MILNE—Based on carbon capture and storage, out of Poznan.

Senator Wong—I am not sure. Certainly the Prime Minister announced the global carbon capture and storage initiative. We are pursuing that strongly because of our very firm view that that is in Australia's national interest and also the interests of tackling climate change. But I am not sure if I can assist you in relation to any additional initiative. That certainly has been announced.

Senator MILNE—What does this global coal initiative mean and was that part of what you were talking to the Polish government about in Warsaw?

Senator Wong—I absolutely, in a bilateral and multilateral context, will put Australia's national interest view. And we in this government do believe that a global effort on carbon capture and storage is not only in our economic interest but in the interest of tackling climate change. I appreciate you do not share that view, but that is our view and, yes, I will continue to put that. The funding of this initiative, as I have explained to you previously, comes out of Minister Ferguson's portfolio, and the responsibility for the global initiative on carbon capture and storage is Minister Ferguson's. Obviously we are aware of it and have had some involvement in it because it has a climate change aspect, but fundamentally it is that portfolio's responsibility. I can assist you to a point, but if you have detailed questions they should go to Resources, Energy and Tourism.

Senator MILNE—But I am assuming that you, not Minister Ferguson, will be the one in Poznan pursuing this global carbon capture initiative.

Senator Wong—The initiative itself might have relevance to a multilateral position or multilateral discussions but the government has proposed to assist in funding the institute and is engaging currently with other nations about collaboration. So that is a separate process to the Poznan negotiations.

Senator MILNE—Which other nations?

Senator Wong—As I said, you will need to address those questions to RET.

Senator MILNE—So, on the bilaterals, which other nations are you talking to about this?

Senator Wong—I am talking to a range of nations about a number of issues associated with the global negotiations. Yes, absolutely we will inform them about what Australia is doing, but this portfolio is not the one with the responsibility for progressing that internationally in terms of the actual institute and the technical and other discussions about it. My officials remind me that there is proposed to be, as one of the side events at Poznan, a joint event involving the Department of Resources, Energy and Tourism and the International Energy Agency in relation to the global initiative. But there are a number of side events at Poznan, so a number of nations, and presumably the private sector as well, will be doing

technical, scientific et cetera presentations on a range of areas alongside the international negotiations of the conference of the parties.

Senator MILNE—Madam Chair, I would like to ask some questions about the feed-in tariff, but I am aware that Senator Xenophon may want to follow on from what I have just asked, so could you come back to me?

CHAIR—We will come back after a break with Senator Xenophon's questions.

Proceedings suspended from 9.14 pm to 9.30 pm

CHAIR—We will now recommence. Senator Xenophon.

Senator XENOPHON—Before your work with the Department of Climate Change, you were a deputy secretary in Treasury, is that right?

Dr Parkinson—That is right.

Senator XENOPHON—And macro-economic modelling was a key part of the work that you did?

Dr Parkinson—My background is as an economic forecaster, not as a macro-economic modeller. Modelling is just one of the tools that you use in forecasting. So I would not make claims to be a modeller. There are sharp differences between doing macro-economic modelling and doing computable general equilibrium modelling, which is what is underpinning the work that the Treasury is doing now.

Senator XENOPHON—You acknowledge that it is quite complex.

Dr Parkinson—It is very complex.

Senator XENOPHON—I understand the minister's assistance to me by suggesting that these assumptions were made by Treasury and that questions are best directed to them, but can I just ask you in general terms about some broad assumptions. If you do not feel that it is appropriate to respond to them, I understand. At page 24 of the technology assumptions, for instance, under 'Black Coal' it refers to 'Ultrasupercritical coal (US)'. When you look at the 'Thermal efficiency' and the 'Capital costs' for 2010 of \$2,255 per kilowatt, there is then a reference to a 'Capital cost de-escalator' from 2010 to 2020 and from 2021 to 2050. Are you familiar with that? As I understand it, on those assumptions by about 2020 this US technology, which is basically CCS—

Senator Wong—Senator, I admire your lead-in; it reminded me of a lawyer confirming an expert witness's expert status before asking for his own opinion.

Senator XENOPHON—I did very little counsel work as a lawyer, Minister.

Senator Wong—Yes. I was going to remind you what you probably said to your clients if someone did that to them. It is not that we do not think that Dr Parkinson is not terribly smart, or could probably expand for a long time about economic modelling and forecasting—and if you want me to arrange a private briefing I could probably get him to do that to you to—but my point—

Dr Parkinson—The emphasis was: 'do it to you'!

Senator Wong—Jokes aside, this really is a Treasury document and it is more appropriate, if you are going to go to the detail of the Treasury assumptions, that those questions be addressed to Treasury.

Senator XENOPHON—Chair, I appreciate the minister's response and I am not in any way trying to be difficult. I am just trying to understand the interface between the minister's department and her capable officials and Treasury in relation to these assumptions. As I read it, the assumptions at page 24 seem to indicate that within 12 years these new technologies will become cheaper than the current technologies for non-greenhouse friendly coal plants. But, if you, Minister or Doctor Parkinson, say it is more appropriate for that to be dealt with by Treasury, then that is fine. I am just trying to understand the interface between the two because there are a number of broad assumptions there.

Dr Parkinson—The modelling was overseen by a steering group which had a range of departments on it and drew on input from a range of departments as well as externals, as I indicated. I would not want to hazard a guess in terms of describing the technical differences to you between ultracritical and supercritical coal but I can assure you that—

Senator XENOPHON—One is ultracritical and one is just supercritical?

Senator JACINTA COLLINS—Which is worse?

Dr Parkinson—Actually, one is not worse. I think they are actually cleaner the further you go up.

Senator JACINTA COLLINS—Which one is the cleaner, then?

Dr Parkinson—I am assuming it is ultrasupercritical rather than supercritical, it is just more expensive.

Senator JACINTA COLLINS—So it is not ultracritical but ultrasupercritical—you did not say that word.

Dr Parkinson—What Senator Xenophon was asking was whether or not that includes carbon capture. My understanding is it does not. These are technologies that are either in existence or close to existence now. But, frankly, this is outside of my expertise. In fact, I am told that ultrasupercritical coal has very high-efficiency combustion so you get more power per unit of coal and hence you get fewer emissions per unit of power. So it is not CCS, as I said. Frankly, if you want to get into a technical discussion of that I would strongly encourage you to take it up with the Department of Resources, Energy and Tourism.

Senator XENOPHON—But just in relation to the assumptions made in this paper, that is all Treasury's problem.

Dr Parkinson—No, it is not Treasury's problem—

Senator XENOPHON—I mean it is best directed to Treasury—I should rephrase that.

Senator Wong—And they may have drawn from a range of sources—I think that is the point. We are at a disadvantage because it is not our document; we cannot expound in the fullness that is appropriate as to what they drew on.

Dr Parkinson—That is fundamentally it.

Senator XENOPHON—There is one final question, which I think is relevant to what the minister has said. I understand what the minister said in that specific questions about the assumptions in the modelling are to go to Treasury. Insofar as the effect that these assumptions will have in terms of the government's climate change policies, how will these assumptions be robustly tested in the context of the fact that these assumptions are clearly relevant in the context of the government's modelling for an emissions trading scheme?

Dr Parkinson—Can I just go back to what I said earlier, because I am afraid I do not quite understand the question. Treasury engaged with a wide range of people external to government in making an assessment about the assumptions to use in the modelling. It then released this document with the assumptions only a couple of weeks ago. This is the first time they are all put together in a way that people can see them and the interaction between them. In doing so, it did a briefing for interested stakeholders and then the next step was that the results of the modelling—

Senator XENOPHON—Pardon me, Doctor, but was the briefing for interested stakeholders a public process? How was it determined who were the interested stakeholders in dealing with this very important paper and the assumptions made in it?

Mr Comley—We use an existing consultation forum, which I chair. It sometimes runs in parallel, and it is sometimes brought together. We have essentially a business representative group round table, which includes around 30 industry associations that have a significant interest in climate change. We also have an NGO round table, which has around another dozen NGOs who have a particular interest in climate change. We have used those two consultative forums throughout the year to talk about CPRS design. In the case of the Treasury briefing, we brought the two round tables together. We ran a workshop session with both the NGOs and the business groups, and then we brought it back to a plenary session for discussion of any issues that were raised. The paper was also on the website. I think Treasury has made it clear that they are happy to take comments or receive feedback from anyone else in the public.

Senator XENOPHON—But it is not a public process as such, is it?

Mr Comley—Is it public? In total, there are about 45 industry associations and NGOs that are party to it, and any papers that we put to those forums are on the website.

Senator XENOPHON—On notice, can I get details of the participants?

Mr Comley—Yes. We are happy to provide you with a list of the participants in that round table.

Dr Parkinson—Can I just re-emphasise what Mr Comley said. Anything that we have put to those groups—any documentation—has been put on our website. In terms of a process like none other that I have been involved in in too many years in the bureaucracy to want to recall, we have been fastidious in putting material out into the public domain where possible and in consulting extensively. In the context of the CPRS, we have had over 1,000 submissions, about 23 or thereabouts public events and numerous round tables. This was part of the sort of process that has been well established throughout this year.

Senator FIFIELD—On the same issue, I am not sure whether it was Dr Parkinson or Mr Comley who undertook to take on notice and provide a list of the attendees of those business round table meetings. How many business round table meetings have there been?

Senator Wong—In that process?

Senator FIFIELD—Yes.

Mr Comley—Off the top of my head, I think we have had six through the year. It would be either five or six. I can take on notice the precise number.

Senator FIFIELD—If the dates for those could be provided as well. Also, did ministers attend any of those round tables or were they purely between the departments?

Senator Wong—In addition to the very extensive departmental and officer level consultation, there has been a substantial amount of ministerial and ministerial office level consultation, particularly with industry but also with NGOs.

Senator FIFIELD—So we will characterise these as business round tables—

Senator Wong—Ministerial level.

Senator FIFIELD—but they have also been business stakeholder meetings with ministers in addition.

Senator Wong—Yes. Not only has there been consultation, in which I have engaged personally and which has been quite extensive, relevant portfolio ministers have also engaged in consultation within their portfolio of stakeholder, industry and other groups relevant to their portfolio. For example, I attended a consultation that Minister Albanese hosted in relation to transport. I know Minister Ferguson has held meetings with resources and energy, and Minister Burke in relation to agriculture. There may be others, but these are the ones that I have some personal knowledge of.

Dr Parkinson—If you wish, I can give you a little bit more information. We held public information sessions in every capital following the release of the green paper. We had over 2,000 attendees to those, and they were public. They were advertised in the press. We also had meetings with state government officials, peak organisations and specific companies at that time. We held 11 regional centre sessions across Australia, with around another 400 people. Again, these meetings were advertised in the press, with follow-up emails and follow-up calls from us. The Department of Agriculture, Fisheries and Forestry held 22 public sessions as well. Mr Comley chaired the round table process, which all up has involved around 60 industry, agricultural, social and environmental organisations. We have had meetings with at least 260 organisations in our technical workshops and bilateral meetings; 1,026 submissions on the green paper; 760 phone calls to the call centre; and I do not know how many meetings that I have personally been in but it is—

Senator FIFIELD—Extensive. The minister referred to a number of portfolio meetings, such as those with Minister Ferguson and Minister Albanese. At those meetings, are officers of the Department of Climate Change usually present?

Dr Parkinson—I participated in Minister Ferguson's meetings. I had to leave part of it but there were other staff there. There were people at Minister Burke's meetings. As the minister said, she was at Minister Albanese's meeting and Mr Comley was also there.

Senator FIFIELD—Dr Parkinson, since you were at Minister Ferguson's meeting with relevant stakeholders, are you able to give us a flavour of what was discussed at that meeting and what concerns participants may have had, if any, in relation to the Carbon Pollution Reduction Scheme?

Senator Wong—I am not sure that it is really fair to ask officials to give chapter and verse as to what happened at any particular meeting. What we can do is give you a broad indication of some of the views expressed by particular sectors. I am happy to start that in relation to agriculture. I think broadly—

Senator FIFIELD—If we could start with the meeting that Dr Parkinson was at, which was the one convened by Minister Ferguson.

Senator Wong—I am saying to you that I am not sure that it is appropriate for officials to be asked to give a chapter and verse indication of what happened at any one particular meeting, but what we can do is give an indication generally of what different sectors have put to the government on the CPRS. The submissions to the green paper from a whole range of industries, NGOs and individuals are public unless of course they are confidential submissions. These views are fairly well canvassed.

Senator FIFIELD—Perhaps I could short-circuit the discussion. At the meeting which took place with Minister Ferguson, were notes taken by the department and, if so, can those notes be made available?

Dr Parkinson—I will have to check whether there were notes taken by the staff and also check the content of them. I would be very reluctant to pass on the content of any individual meeting.

Senator Wong—I will be clear: people engage with government on the understanding that they are there to put their views. If they choose to make them public, and some people do, that is their choice. I would feel most uncomfortable with my officials, without their having canvassed this issue with all the stakeholders in the room, being required to disclose what any particular individual said. This is why I offered, if you wanted it, to give you a flavour of the different views which have been put to us by different sectors. Most of these views are public. They are canvassed in the green paper and some of them have been canvassed publicly.

Senator FIFIELD—If you could take that on notice, given there are notes from those meetings. Obviously, if there were notes taken at the meeting with Minister Ferguson, I would understand that you may well want to delete the names of individuals or particular organisations before you release them.

Dr Parkinson—Senator, could I just go back and reiterate what I said a moment ago. I do not know whether there were notes taken; I would have to check that. But I would be very reluctant—

Senator FIFIELD—I appreciate that. If you could take that on notice—

Senator Wong—The secretary is trying to put a view here, I think, Senator. He should be entitled to put it.

Dr Parkinson—Thank you, Minister. Senator, I think it would be inappropriate of me or of any of my departmental colleagues if we were to start talking about issues that had come up in any individual conversation. If it was okay to talk about the content of that particular meeting, why would it not be okay to talk about the content of a meeting that I am having tomorrow with a particular business? I just think it is not something that is appropriate for us to do. As the minister said, we can give you a flavour of the commentary, writ large, about the scheme, but I think it would be inappropriate for us to start talking—

Senator FIFIELD—The difference is that this was not a meeting with a particular business; this was a meeting with a range of people.

Senator Wong—A number of them have been. The evidence from Mr Comley was about the business roundtable. I have given you an indication that I have met individually and also with groups of companies and NGOs. Those meetings were not undertaken on the basis that I would certainly communicate publicly what they put to me. We held meetings for the purpose of consultation. I appreciate that this is a Senate estimates committee. I have no difficulty in giving you a broad indication of some of the issues raised by particular sectors, but I am most reluctant to go down the path of chapter and verse recitation of what was put in particular meetings.

Senator FIFIELD—Just in relation to the business roundtables, Mr Comley and Dr Parkinson have already undertaken to provide a list of who attended those business roundtables and also the dates upon which those occurred, so it would stand to reason that it would not be an unreasonable request to ask for a list of attendees at the meeting with Minister Ferguson and the date that that meeting occurred.

Senator Wong—You will have to ask Minister Ferguson's representative to do that.

Senator FIFIELD—But Dr Parkinson was there, and there may well be notes that have been taken.

Senator Wong—It is not his meeting; it is Minister Ferguson's meeting. It is not for us to provide you with details about who was invited and who attended, even if we had them, and I am not sure we do.

Senator FIFIELD—Certainly, but I ask for those questions to be taken on notice. As you have indicated, you may want to reflect upon them, but I would appreciate it if they could be taken on notice. Thank you.

Senator XENOPHON—This is just a follow-on question, which is perhaps best to Mr Comley. Would it be fair to categorise the various business roundtable meetings and meetings with the NGOs as briefings of a general nature, or were there some meetings that were specific about the assumptions and the modelling, including the assumptions released on 3 October?

Mr Comley—With respect to the discussions of modelling, the briefings leading up to the publication of the document on the 3rd were typically in the nature of the timetable and process of the modelling and generally involved a discussion of how that modelling was

progressing in broad procedural terms and an invitation to provide any input that people had into those modelling processes. So, in a sense, those roundtables were just providing clarification of the timing rather than the particular assumptions being pursued. What the roundtables often did, though, was that stakeholders indicated they were particularly interested in certain assumptions and, at times, I think that they would then follow up with Treasury in bilateral meetings to try and follow up their views about what the assumptions would be. The only paper provided to them with the detail, to my recollection, was the one on 3 October, which was provided publicly at the same time by the Treasurer.

Senator MILNE—I just want to go to the issue of feed-in tariffs. I wondered if the department had had a chance to have a look at the International Energy Agency report that came out a few days ago on deploying renewable energy, in which it says that feed-in tariffs are more effective than other schemes in the deployment of renewables and quotes in particular wind policy and in particular Germany, Spain, Denmark and Portugal. Has the department had a chance to consider that in terms of the most significant drivers at the greatest cost effectiveness?

Senator Wong—I will refer to Ms Thompson, who has some responsibility for this issue. As I think you and I have discussed previously, Senator Milne, when you make reference to the feed-in tariffs in Germany I again make the point that Germany, from recollection, utilises feed-in tariffs rather than a renewable energy target, whereas our policy approach is a renewable energy target.

Senator MILNE—I know; that is why I am asking the question.

Ms Thompson—No, we have not had the opportunity to look at that most recent report. However, our submission to the Senate with respect to the recent inquiry cited the International Energy Agency's report of 2007, which was the review of German energy policy. That report estimated that the feed-in tariff cost Germany some €3 billion per annum and noted that, while the feed-in tariff has stimulated growth in the German renewable energy industry, it has been at a very high cost. In fact, in 2007 the IEA estimated that between 2000 and 2012 the feed-in tariff will cost €68 billion in total—about \$113 billion—or between €350 and €1,000 per tonne of CO₂ equivalent. In fact, the IEA urged the German government to focus on creating sustainable market pressure to bring down the costs of operating and further developing its renewable energy resources.

Senator MILNE—I am glad you raised that, because I was going to ask you about that. My understanding is that the €68 billion claimed is actually the cost of the energy overall over that period and not the feed-in tariff, and therefore there is an error in your calculations.

Ms Thompson—We would have to check that. That is not the advice I have.

Senator MILNE—It is certainly the advice I have, and it would fit with this latest report, in which the International Energy Agency is encouraging the adoption of a feed-in tariff rather than quota systems using tradeable credits as being the most effective and cost-effective and the best-case driver of the deployment of these technologies. So I would ask that you have a look at that again, because I noted that that was the Department of Climate Change response to the feed-in tariff, and it is a pretty critical issue to go back and have a look at those costs.

Senator Wong—We can take that on notice. As Ms Thompson has indicated, the department have not had the opportunity to look at the second report to which you refer, so we will consider your question on notice, if we can, and we will also consider what you have put to us in relation to the figure of €68 billion.

Senator MILNE—Thank you. I want to also ask you about the ANU's *Green carbon* report, which came out recently, authored by Dr Brendan Mackey and others. I wondered whether the department had had a chance to have a look at the results of that study showing the volumes of carbon in undisturbed native forest types. There were certain types cited. I wondered what the department's response to that had been.

Senator Wong—I will ask Mr Carruthers to respond on that.

Mr Carruthers—Yes, the department is aware of that report. Staff in the department have accessed the ANU website to have a look at the document. The department welcomes that piece of work to add to other pieces of scientific work in this area. We look forward to that continuing.

Senator MILNE—Can I ask more specifically. What that report clearly shows is the need to separate out the emissions that come from the uptake from forest activities, either managing existing forests or plantations. Is the department considering moving away from Kyoto accounting and going to full carbon accounting along the lines of what the ANU report is showing as possible? Clearly the numbers are very different from the numbers that you have been relying on in the past.

Mr Carruthers—I recall a long discussion at the previous Senate estimates hearing on that subject of the characteristics of the accounting framework for the present rules of the Kyoto protocol. I would distinguish the present rules from what may be decided in terms of the post-2012 international framework from an approach that you describe as full carbon accounting. We discussed at the Senate estimates hearing in May that Australia is required to report internationally according to the current Kyoto rules but that, in a technical sense, Australia does have in place the accounting framework to be able to do full carbon accounting. Depending on where the international rules go in the future, we are in a position to follow that approach.

Senator MILNE—Whilst I understand at one level what you are saying about the rules, would you agree that the current rules do not give a true reflection of the emissions from forest practices?

Mr Carruthers—As we discussed in May, the present rules only relate to measurements from deforestation and from reforestation. The current Kyoto framework does not bring in the totality of the national forest estate. So, yes, you are correct in that sense—it is not a full picture of the emissions and sinks of the forest estate of Australia, or elsewhere for that matter.

Senator MILNE—So, in the discussions for the post-2012 framework and so on, is Australia taking a position in relation to changed accounting rules in a post-2012 scenario? Is that something we are campaigning for, asking for or negotiating for?

Mr Carruthers—In a broad sense Australia is pushing for an inclusive approach to land systems, including forests, in the post-2012 framework. That is a longstanding position of Australia in the UN climate change process. Of course, the specifics of how that is done is a matter that needs close attention to get it right. Australia will be taking a very active part in that; it is a high priority for the government.

Senator MILNE—When you say ‘an inclusive approach’ you clearly mean including forestry or land use more generally in a post-2012 treaty. That does not really answer my question about what role Australia is taking in relation to accounting.

Mr Carruthers—In relation to accounting, internationally, as we discussed at the May estimates hearing, Australia has been investing heavily domestically in a national carbon accounting system, with the ability to produce both Kyoto accounts and, as circumstance requires, full carbon accounting. We had some discussion in May about the great efforts Australia is making to work with other countries, in particular developing countries, to provide them with the same capabilities, especially in dealing with the great threat of deforestation of the world’s tropical forests. There have been a number of steps since the May estimates hearings that represent good progress in that area.

Senator MILNE—If we are so concerned about deforestation and degradation in developing countries, why are we not doing the same at home?

Mr Carruthers—On the subject of land clearing or deforestation—the conversion of forest land to agricultural purposes—in Australia, we have seen a great reduction over time of the emissions coming from deforestation in Australia.

Senator MILNE—On that issue of land clearance, the figures are actually quite different. When you look at them they vary to an extraordinary degree from year to year. Why is that?

Mr Carruthers—There are a number of factors that cause changes in land management practices year on year. In fact, in one of its technical reports, the national carbon accounting system has studied the history of land clearing in Australia and what drives changes in land clearing rates. They are factors like drought periods versus wet periods, commodity prices, and the productivity of particular lands that are being considered for land clearing. So there are a range of factors and it certainly does vary from year to year.

CHAIR—Can I just ask if you have very many more questions on this issue so that we can go back to Senator Johnston?

Senator MILNE—That is okay. Senator Johnston can ask questions.

Senator JOHNSTON—I just want to briefly go over the science here because I am a little confused about the remit that the department has. I can see that the department has a lot of policy, decision making and formulating type work to do, but I am just interested—and Senator Milne raised the point—about what happens if the science is really adverse? Does the department have the capacity to respond to that or does the department rely on external data produced by other departments to then reformulate, readjust and respond to policy? if I want to ask about measurement, I think that I might be in the wrong place.

Senator Wong—Can we just clarify: is this in the context of the Treasury modelling assumptions or is this in the carbon accounting context.

Senator JOHNSTON—Carbon accounting generally.

Senator Wong—Okay. On carbon accounting I think Mr Carruthers can assist in outlining what we can and cannot answer.

Senator JOHNSTON—I think that there is a lot of confusion, with respect to the department. I am interested in you helping us. For instance, if sea levels are rising, do you determine that?

Senator Wong—Well, hang on; that is not carbon accounting.

Senator JOHNSTON—No, but it is a response that requires policy adjustment. If we are winning the battle against carbon, do you determine that, in terms of the accounting, or does the empirical science come from the Bureau of Meteorology, from the CSIRO or from the Department of Resources, Energy and Tourism? I just want to know where we go to ask those sorts of questions.

Dr Parkinson—What I might do is just give you a snapshot of the department overall and then discuss the specifics around our role in climate change science. The way in which we engage with the CSIRO, the Bureau of Meteorology and others I will throw to Mr Carruthers.

You are right; the department was established with the responsibility for coordinating policy across government and developing and leading that policy development. In a sense we have a set of policy responsibilities that are within the boundaries of the department, and you can think there of the carbon pollution reduction scheme, the international negotiations or the adaptation frameworks that we are responsible for. But we have a coordination and leadership role in areas to make sure that other policies that are being pursued by other line agencies are actually consistent with the overall framework.

So the Department of Resources, Energy and Tourism is responsible for thinking about CCS, going back to our earlier example. The department of agriculture is responsible for thinking about how the farming sector can adapt to—

Senator JOHNSTON—Land clearing and things of that nature?

Dr Parkinson—Land clearing is a state government responsibility, but you are right. The department of the environment has responsibilities around energy efficiency in households and the Department of Resources, Energy and Tourism around energy efficiency in industry. So partly what we are trying to do is create a policy framework within which all of those arms of policy, whether they are ones that are directly within our control or they are the responsibility of other departments and other ministers, are directed at the same end. So there is a mix of things that we are personally responsible for and there are other things where we are trying to work with other agencies to get them pulling in the same direction for a whole-of-government perspective.

On the issue of climate change science, we are responsible for the development of the government's climate change science framework and we are also responsible for issues around the measurement of emissions related to land use. I invite Mr Carruthers to talk in a bit more detail there about where the boundaries from the department are as against in other areas.

Mr Carruthers—It depends of course very much on the particular topic within the field of climate change on which we are speaking. Senator, you mentioned as an example sea level rise. Of course the government has a very strong need and interest in obtaining the best available science on that subject. There is specialisation in that area within CSIRO in the division of Marine and Atmospheric Research and there are some excellent scientists, including in particular in Senator Abetz's home state. There is also work through the Bureau of Meteorology, in the operation of the National Tidal Centre, on the physical measurements of sea level rise. There is a cooperative research centre on Antarctic ecosystems in Hobart, which is doing quite a lot of work in modelling in this area. So just on that one topic you can see that there is an important need for what I would call a 'Team Australia' approach. As Dr Parkinson has just outlined, the department takes an active interest and role in coordination, working with the science agencies in that regard. If we were to move on to other topics, obviously it would be a variant on that storyline in working with other agencies and research institutes.

Senator JOHNSTON—So those agencies that we have just discussed, like CSIRO and the Tasmanian Antarctic research facility, are not within your department.

Mr Carruthers—That is correct; they are within other portfolios.

Senator JOHNSTON—So how does your department go about safeguarding from radical changes in the science? As Senator Milne has indicated, the English researchers are saying, 'We need to go to 80 per cent.' How does your department respond to these sorts of changes and how do you go about keeping abreast of what is actually happening, in terms of parts per million, for instance, in our atmosphere?

Mr Carruthers—We are clearly interested in the specific findings from various research and studies but we are also very interested in the framework, the integrity, in which that science has been undertaken—whether it has undergone the normal standards that are expected for peer review and science publication and what kind of assessment has gone on. Part of the picture here is seeking input from the range of competent expert sources, not simply relying on single sources.

Senator JOHNSTON—How often does your department review the parameters and indicia giving rise to the policy initiatives that you are coordinating?

Mr Carruthers—We are involved really on a regular basis on that score. For example, sometimes it is within an international context. So the Intergovernmental Panel on Climate Change Fourth Assessment Report in 2007 was based on an enormous process of input and review of which government representatives were a part. When it comes to advice to government on a specific matter—for example, if we were putting a brief to the minister on the subject of sea level rises—we would seek input from the range of relevant organisations.

Senator JOHNSTON—Are you familiar with the term greenhouse gas hotspot?

Mr Carruthers—I have heard the term used.

Senator JOHNSTON—If there was a greenhouse gas hotspot—that is, a build-up of greenhouse gas over mainland Australia—how long would you expect it to take before your department became aware of that build-up?

Senator Wong—It is probably not as long as it took for your government to acknowledge climate change was occurring, Senator.

Senator JOHNSTON—Do you think that that is a serious response to a legitimate question?

Senator Wong—I am just saying—

Senator JOHNSTON—You don't like that question.

Senator Wong—I am just making the point—

Senator JOHNSTON—Why would you have to make a remark like that to a legitimate question? Goodness me!

Senator Wong—We are very happy to assist you, Senator, but your party's position on these issues is quite well known.

Senator JOHNSTON—Why would you want to raise that when I am asking a proper question?

Senator ABETZ—You cannot rewrite history. We started the Australian Greenhouse Office in 1998 and were the first government in the world to do so.

Senator CAMERON—I am not sure who is asking the questions here or whether there is a bit of bullying going on. I think you should call to order.

CHAIR—Senator Johnston has the call and I just remind people that it does not help Hansard if people talk over the top of one another.

Senator JOHNSTON—Please Mr Carruthers I am sorry for that interruption.

Mr Carruthers—The reason I have heard the term 'hotspot', which I do not think we will actually find in a scientific report, or I have not seen it, for example, appearing in the IPCC report to my memory, is that a question was raised on this subject in the Joint Standing Committee on Treaties at a hearing a while ago—in which I believe a response has been provided very recently—which asked for advice on that subject. It is quite lengthy and technical and given that I understand that the minister has communicated that already to that committee I imagine that information could be circulated. That would probably be the best use of the committee's time at this part of the evening.

Senator JOHNSTON—I am sorry but I am not quite clear on this. The question related to the following: in terms of taking in the data, if there were a radical change, and I used the hotspot as an example, to something that would concern us all—even a depletion in the ozone layer or a really major fault like that—how long would you expect the science to filter through to your department such that you would be in a position to say, 'Well, we have got to do something'?

Mr Carruthers—If this was a significant new scientific finding I would expect that the department would hear about this very quickly. Indeed, I would think that the public generally would hear about this quickly because I note that it is the general practice in the Australian science community to make available quite quickly their findings on new studies.

Senator JOHNSTON—Could you assist me with what you mean by 'quite quickly'.

Mr Carruthers—If I think of the example of, say, a summer field expedition to Antarctica coming back with new measurements a few months ago on things like changes in salinity in the Southern Ocean. I noticed that the scientists were at the time briefing on those findings.

Senator JOHNSTON—So in a matter of months the findings would be around the department?

Dr Parkinson—Perhaps I could add to what Mr Carruthers is saying. One of the things we are trying to do here is to create, in a sense, an Australia Inc. approach. It is too big for any one agency to have all of this stuff internalised, so we have climate change science adviser, we have, as I said earlier, extensive links into the Bureau of Meteorology and CSIRO and the other bodies that Mr Carruthers talked about. So there is a constant dialogue. How quickly we would hear about the latest breakthrough that anybody in particular had come up with? I imagine it would be very quickly. But I think it is difficult for us to put a number of days or weeks on that, because ultimately it is a function of how good our relationships are with all of those people.

Senator JOHNSTON—Is there a standing remit that these agencies are to report anything to you that they find, as we have been discussing—major effective changes?

Mr Carruthers—Yes, that is correct. Particularly with the principal research agencies in Australia we have standing arrangements for this kind of communication. On a periodic basis we sit down with, for example, CSIRO and they run through, if you like, a general review of the progress that they have made since the last time we came together.

Senator JOHNSTON—My last question: has there been any such communication of any event since the department has been inaugurated?

Senator Wong—Sorry, I missed the first part of that question.

Senator JOHNSTON—Has there been any communication by the agencies pursuant to the standing request or remit that you put out there to be advised of any radical changes in environmental conditions? Has there been any such report since the inauguration of the department?

Mr Carruthers—This department in the name of the Department of Climate Change has only operated for a relatively short time, but I can say that at the former Australian Greenhouse Office there were several reports published that provided these kinds of periodic overviews. I think it is probably okay to say here that we have commissioned the next such assessment of latest developments, which we expect to be available in the future.

Senator Wong—Mr Carruthers, Senator Milne did not understand your answer, You have commissioned the next—

Mr Carruthers—We have asked for the preparation of an update on these stocktakes of latest science.

Senator Wong—I would just make the point, and I think Dr Parkinson referred to this, that, as the Garnaut report outlined, the impact of climate change on a whole range of aspects of Australia's economy, Australia's industries and different regions of Australia is significant and the science is still developing on that. For example, in my other portfolio of Water, CSIRO recently completed one aspect of its sustainable yield study which looked at the

impact of climate change on inflows into the Murray-Darling Basin. Minister Bourke has funded research into the impact of climate change on the agricultural sector. We do know that climate change has a very significant impact across a whole range of sectors of our economy.

Senator ABETZ—I have got a whole heap of questions, Chair, but I will take a few out of each category. First of all, how much has been expanded to date on the advertising campaign?

CHAIR—Senator Abetz, are you staying in general questions?

Senator ABETZ—Yes.

CHAIR—Senator Abetz has the call and then we will go back to Senator Milne, who has some questions on climate change.

Senator ABETZ—So do I.

Dr Parkinson—As of 30 September, the total expenditure on the advertising campaign was \$9,971,005.16. That included—

Senator ABETZ—All right, can you take on notice what that includes. Time is short. How much remains to be spent on this campaign?

Senator Wong—We can provide that.

Dr Parkinson—In terms of the set of advertisements that are being run today?

Senator ABETZ—How long are they destined to go for? Was there a plan?

Dr Parkinson—Yes. We can pick that up.

Senator ABETZ—How much more remains to be spent?

Senator CAMERON—It is not as much as Work Choices; nobody could spend that much!

Senator ABETZ—I am sure that you did not take a sanctimonious point of order before, Senator Cameron, about interruptions.

Dr Parkinson—We have agreement for a budget of \$13.95 million. That is not only for the development, production and placement of the advertisements between July and November but also for public relations and community education activities.

Senator ABETZ—Can you tell what it is made up of—

Dr Parkinson—We can do all of that.

Senator ABETZ—and give me a breakdown on radio, newspapers, TV and PR et cetera? That would be very helpful. If I can turn to the science, and possibly this is an area where you can answer. A number of people have been—

Dr Parkinson—Sorry, Senator. Was there a criticism in there in the sense that this is an area we can answer, because I can give you answers now on many of the issues around those advertisement.

Senator ABETZ—No, sorry.

Dr Parkinson—Okay, sorry.

Senator ABETZ—I think ‘overly sensitive’ might be a description for you, Doctor. But no, I was meant that in a helpful way—

Senator Wong—We are just used to you, Senator Abetz.

Senator ABETZ—in that you might be able to assist, and if not you will undoubtedly tell me which department to pursue these matters with. It has been suggested by a number of people that there has been no increase in global average temperature since 1998. Does the department agree with that or not?

Senator Wong—I will wait until someone can assist with that, but as I understood the tenure of Senator Johnston's questioning, he appeared to be supportive of an 80 per cent reduction by 2015. Are you now suggesting that you do not believe that there has been any global warming?

Senator ABETZ—It is amazing, isn't it; you cannot ask a question without—

Senator Wong—I am just wondering what the coalition's position on this is.

Senator ABETZ—the minister's spin. I prefaced my question with: 'a number of people have suggested'. I want to know—

Senator Wong—I think we are still waiting to know what your party's position on climate change is.

Senator ABETZ—what the answer to that is. On the best science available to the department, is that right or is that wrong

Dr Parkinson—If you are interested, there are a range of questions put to us in the context of the JSCOT hearings.

Senator ABETZ—I am not a member of that, I am sorry.

Dr Parkinson—We are happy to provide you with answers to that. We basically took on a range of issues such as: 'Satellites that orbit the Earth twice a day have not detected any increases in global temperatures since 2001. What do you say to that?' We answered that when analysed correctly, the satellite data indicates the continuation of a warming global trend. There are a range of issues around there. We were asked about why balloons have not found a hot spot in the troposphere consistent with anthropogenic global warming. 'What do we say to that?' We have gone—

Senator ABETZ—If I may interrupt it seems that you have answered this for another parliamentary committee—

Dr Parkinson—But I am happy to provide you with copies of it.

Senator ABETZ—Yes. That would be very helpful, thanks. Is it correct that the IPCC has made some important changes in the science used in its analyses in the four main reports that it has made, and they include dropping the so-called hockey stick analysis?

Mr Carruthers—I think that it was in the third assessment report of the IPCC that the work of Mann and others looked at the temperature records going back over hundreds of years. I am afraid that I do not have the detail in front of me. There was a lot of debate about that at the time. But in the fourth assessment report, essentially that work was built upon. It has not been drawn to my—

Senator ABETZ—It hasn't been dropped?

Mr Carruthers—No, not dropped, to my knowledge.

Senator ABETZ—Thank you, that is all I need to know.

Dr Parkinson—Senator, before you move on, perhaps we could take a step back for a moment. You may be aware of the Garnaut review.

Senator ABETZ—I think I have heard of it, yes.

Dr Parkinson—Box 4.1 in that actually picks up some of the issues you have raised, including taking a different approach to attempting to ascertain whether there are warming trends in global temperatures.

Senator ABETZ—You see Garnaut is only one input, as I understand from the government. Therefore, I want to know what the government and the department's view is or are you now saying that your view is exactly that which is in the Garnaut review?

Senator Wong—I think what we are saying, and we have provided this in terms of the JSCOT answer, and as Professor Garnaut has put it and the Labor Party made clear prior to the election, is that we do not dispute the science that climate change is occurring. Frankly, Senator, we would welcome on this side of the table an indication of that from your party.

Senator ABETZ—Oh. Have you finished making the political comments? Time is short. I am trying to get answers. There are people in the community who are actually asking these questions and I think it is fair enough that we get an answer to them.

Senator Wong—The box to which Dr Parkinson referred directly responds, as I recall it, if he is referring to the box I think he is, to your proposition about the number of years in the last period of time.

Senator ABETZ—I know that is the Garnaut view of the world. The Garnaut view of the world, as I understand it from your government, Minister, is only one input. Therefore, it is appropriate to know whether in this particular circumstance that particular input from Garnaut is accepted or not accepted by the government.

Senator Wong—This government accept the reality of climate change, which is why we are putting resources into responding to it.

Senator ABETZ—Yes, we know that. Can I have an answer to my specific question: does the government adopt, as the agreed science, box 4.1, to which Dr Parkinson referred?

Dr Parkinson—The responses to the science were the ones that I referred to in the context of the JSCOT. What I was doing with highlighting box 4.1 was to say that there was an attempt in the Garnaut review to commission Trevor Breusch, who is an internationally respected econometrician, and Farshid Vahid to look at two questions: is there a warming trend in global temperature of data and is there any indication there is a break in any trend present in the late 1990s or at any other point? Garnaut simply cites the work of Breusch and Vahid. It is a time series statistical analysis that—

Senator ABETZ—But is that accepted by the government?

Dr Parkinson—reinforces the points made in the science.

Senator ABETZ—Yes, but is that accepted by the government?

Senator Wong—Do we accept that climate change is happening and there has been of trend of global warming?

Senator ABETZ—No, that is not the question.

Senator Wong—That is what that data shows. Yes, we do, Senator.

Senator ABETZ—Right, you do adopt it.

Senator Wong—We accept—

Senator ABETZ—You adopt box 4.1.

Senator Wong—Senator, it is extraordinary. I could turn it around. Do you accept that climate change is real?

Senator ABETZ—Of course. Climate has changed. It is changing all the time.

Senator Wong—Right.

Senator ABETZ—Let's move on to box 4.1.

Senator Wong—Anthropogenic emissions have not contributed to it—is that your position?

Senator ABETZ—Minister, if you want to change places, resign your commission and we can go through—

Senator Wong—I would be interested to know what your position is because, as yet, we do not have a position from the coalition on this issue.

Senator ABETZ—Chair, the minister is here to answer questions. Does the government accept box 4.1 as the established science on which it is basing its policies?

Dr Parkinson—Box 4.1 is not about science. The reason why we mention box 4.1 is that it gives you another way of asking the question: is there a warming trend in global temperature data? What I said is that, in response to the JSCOT questions, we have responded to some of the science issues. I am simply citing box 4.1 as an issue outside of the question of debating the science. It simply takes the data and treats it as an econometrician would and asks: is there any trend? The conclusion that Breusch and Vahid reached is that, over the last decade, temperatures lie above the confidence band produced by any model that does not allow for warming trend.

Senator Wong—Can I say, Senator—

Senator ABETZ—We clearly are not getting anywhere with this one, so allow me to move on—

Senator Wong—If I could just respond—

Senator ABETZ—You cannot answer a non-existent question.

Senator Wong—If I could just respond to the propositions you put. You asked what our view is on the science, and I will reiterate what we said prior to the election and what we have continued to assert. We accept the weight of scientific evidence in relation to climate change, of which probably the most comprehensive articulation is the Fourth Assessment Report.

Senator ABETZ—Good. Thank you. How does that then relate to box 4.1? Let us move on. Does the government acknowledge that the draft ETS still needs substantial reconfiguring?

Senator Wong—The government put out a very detailed green paper in July, as you would be aware, Senator, with a range of design propositions. We have been consulting extensively with industry, NGOs and other members of the community in relation to the preferred position set out in the green paper. The reason we proposed the set of design propositions in the green paper in such detail is that we wanted to engage in this level of detail in consultation. We are very conscious of both the complexity and the scale of this reform, which is why we propose to take, as I have said, a methodical and careful approach to designing this scheme. In terms of—

Senator ABETZ—In what areas?

Senator Wong—I am not going to pre-empt government's decision making. Obviously, one of the areas where there has been a substantial amount of public discussion is the treatment of emissions intensive trade exposed. There are different views held amongst different sectors about the best way to deal with that particular aspect of the policy design. We have engaged and we will continue to engage very closely with industry in particular, as well as others on those issues. We will certainly consider the in excess of 1,000 submissions, including confidential submissions, on these and other issues to the green paper.

Senator ABETZ—Are there any particular areas to which you are giving special consideration where the final scheme might need to be substantially different from the proposals?

Senator Wong—I am not going pre-empt any government decision on these issues. We have a set of preferred positions in the green paper. We have indicated our view about consultation. I have made public statements in particular, for example, about the discussion as to the metric by which you determine which industries or which firms should receive assistance as being emissions intensive trade exposed.

CHAIR—Senator Abetz, I plan to go back to Senator Milne very shortly.

Senator ABETZ—I wish we would keep a bit of a clock on some of these things—

CHAIR—We have been, Senator Abetz.

Senator ABETZ—How does the government propose to deal with carbon leakage?

Senator Wong—I think we were just discussing them. Carbon leakage is an issue that the government is extremely conscious of. You will recall in the first major speech that I gave in February on the trading scheme that I outlined a range of principles associated with our design or our approach to the scheme, and one of those was that we were very conscious that the introduction of a carbon price in Australia needed to be managed appropriately. We are very conscious of the risk of carbon leakage. That is why, if you look at the green paper, there is a significant amount of assistance proposed to industry in recognition of those issues. They include, primarily for those firms which do not receive free permits, the introduction or the establishment of a climate change action fund. For those firms which are most emissions intensive and trade exposed, we propose an allocation of free permits. Two different measures

or two different thresholds of that assistance were set out in the green paper, and they have formed a significant part of our discussion with industry.

Senator ABETZ—But that assistance will taper out after a period of time under the proposal?

Senator Wong—No. I do not think ‘taper out’ is quite the right phrase.

Senator ABETZ—What is the right phrase?

Senator Wong—The recognition in the green paper is that you have to consider how you deal with these sectors over time, in the context of a reduction in greenhouse gas emissions. If you mean ‘taper out’ in terms of this being transitional assistance, then it is the case that the entire logic behind this sort of assistance is to recognise that these firms trade on the world markets; they are not able to pass on a carbon price; and, in the absence of an equivalent global carbon constraint, they therefore operate with an additional carbon cost that some of their competitors do not have. Obviously, if and when—and we hope sooner—the world moves to an effective global carbon constraint, the need for these sorts of transitional industry assistance measures will no longer be present.

Senator ABETZ—I agree with that.

CHAIR—Your final question, Senator Abetz, and then I am going to Senator Milne.

Senator ABETZ—How sure are you that we are going to get a global solution, which a lot of this is predicated on?

Senator Wong—I have always said, and the government has always said, that this is a very difficult set of negotiations. You are dealing with nearly a couple of hundred nations, I think, with quite different views and disparate interests. But I think we all know that internationally and nationally we have a great deal at stake if we do not get a global agreement. Our view is that a global agreement is key, and we will continue to play a constructive and positive role to try and achieve that.

Senator ABETZ—If we do not get that global agreement, the transitional arrangements will continue?

Senator Wong—What is proposed in the green paper is, I think from memory, five years—

Dr Parkinson—Ten years. There will be reviews after five years but there is an initial period of 10 years of support. I might just step back slightly. If we have no prospect of ever getting a good global agreement then we have a significantly more challenging set of issues in front of us.

Senator Wong—Not just the assistance issue. We have a set of issues about the impact on this nation.

Senator ABETZ—And, indeed, beyond. No matter what we do, there will be no change to the world environment.

Senator Wong—This is one of the positions that the opposition on occasion has adopted. Our view is that, as the government, it is in Australia’s national interest to respond to climate change because, apart from anything, we are extremely vulnerable to climate change. So we

have a national interest in pushing for a global agreement. We are not able to do that to any great extent if we are not prepared to take responsibility and play our part at home.

Senator ABETZ—Who will follow if we do that unilaterally?

Senator Wong—Who will follow? The suggestion seems to be that others have not acted. I would make the point that the European Union has had an emissions trading scheme since 2005. There are regional trading schemes in North America. Japan is currently trialling a voluntary scheme. And New Zealand has passed emissions trading legislation through its parliament. So I think it is not correct to say that we are the only ones acting. I would also make the point that both Senators Obama and McCain have committed to cap and trade schemes.

Senator MILNE—I want to return to the question I asked before on land use. I did not really make myself clear when I asked why it changes so much year to year. It was a methodological question I was asking, not a behaviour-on-the-ground question. What I want to know is: why does the same year figure change with each subsequent inventory? So, taking 1990 as an example, why do the estimates of 1990 land use emissions change with each inventory?

Mr Carruthers—The national carbon accounting system has been in development since the time of Kyoto. The first emissions results were produced from it, if my memory is correct, in 2004. It has continued to be a work in progress in terms of the development of the methods. Over time we have continued to advance the methods. When we, for example, produced the emissions estimates in 2004, we deliberately placed a conservative interpretation on the results. As we had increased capacity in the methods and confidence in the results we were able to be more precise in the estimates.

Senator MILNE—So basically what you are saying is that you go back and recalculate the figures according to the improvements you have been able to make in the methodology.

Mr Carruthers—That is correct. We are required of course to have those methods and the improvements in the methods reviewed, and we are required to produce a time-series consistency in the application of the methods and therefore the results generated.

Senator MILNE—Okay, that explains that then. Can you take this on notice, please. I am interested to know the land clearing estimates in hectares for each state that are being used for the purposes of the national inventory report from 2000 to the present. If I could have the state-by-state analysis in hectares of land clearance that has been used for the inventory, that would be most appreciated.

Earlier, Minister, you made a statement about the lessons learnt from the early days of the European trading system. Amongst those were the over-allocation of permits and the inflation of emissions projections by companies and so on. I want to refer to that in relation to the Innovest report commissioned by the ACF that came out today. I wondered whether you had reconsidered your commitment to free permits, given that the European experience has suggested that that has been one of the big problems in Europe and they are moving completely away from free permits to 100 per cent auctioning.

Senator Wong—Senator, I have just been in Europe and I have to say that that is not quite a correct characterisation of what they are doing. They are proposing—they have not agreed yet—to move incrementally over time. In fact, the percentage proposed is smaller than 100 per cent. I do not know whether Mr Comley or anyone else would like to make comment on what we can learn from the European scheme.

Mr Comley—I think that the first lesson that came from the European scheme was to have an emissions monitoring and reporting system in advance of the scheme starting—that is probably the most important lesson—which is what the NGERS has put in place. The second point is: it is not clear to me that the issue of free allocation of permits is that closely related to the question of whether you overallocate in terms of the scheme cap at the start of the process. So the question of whether you set the emissions cap tight enough to produce a positive price is really a question of your confidence in the emissions trends which comes from both the quality of your inventory and the quality of NGERS. Part of that, of course, in the Australian case, is that it is one jurisdiction's report rather than multiple. Probably the last relevant lesson here is that the European system started with a first phase without any banking of permits, whereas the green paper proposal is to have unlimited banking of permits. So, even in the event that you did overallocate, it would tend not to drive the price down to zero because of that banking in the subsequent periods. It is those sorts of discussions that we have had with European officials on the way through on the design of the scheme that have informed the green paper design.

Senator MILNE—Nevertheless, aren't they saying that their move to phase out free permits—if you want to describe it in that way—is a reflection of the fact that they would have been better to go with an auctioning system to start with?

Mr Comley—The question of allocation of free permits versus auctioning is partly an efficiency question, depending on how you allocate them, but largely a distributional question. And I think the point that has been made at a number of forums is that the question of how you handle distributional questions is one on which you can learn lessons from elsewhere, but it largely comes down to the local circumstances of each country as to how you handle those situations.

Senator MILNE—But is it not true to say that, once you go to a free permit system, whatever your allocation is you are subjected to a huge amount of lobbying, which leads to outcomes not necessarily in the best interests—whereas if you auction 100 per cent then you have got cash which you can distribute, which, again, will be subject to political lobbying. So it is either before or after, I suppose.

Senator Wong—Senator, I am not sure there is a political-lobbying-free approach to policy development—

Senator MILNE—Exactly.

Senator WONG—and certainly not in this area.

Senator MILNE—Has anyone had a chance to have a look at the Innovest report that came out today on this very issue, pointing out the windfall gains that certain companies would get under the currently proposed arrangements?

Mr Comley—I have not looked at that report. I do not know if any other officers at the table have either.

Senator Wong—I have only seen media reporting of that, because I have obviously been in estimates and—

Senator MILNE—We may pursue that.

Senator Wong—There are a range of views. There are different views in the community about whether what is proposed is, from one perspective, too generous, and, from another perspective, not generous enough. The government is simply going to have—in the context of the discussions, the consultation, the sort of detailed analysis we are undertaking—to make a decision that we believe best strikes the right balance.

Senator MILNE—I will be interested to know what the department's response to that report is, once you have had a chance to have a look at it, and I might pursue that in other fora. Finally, in terms of Australia's emissions trajectories in the various sectors: with energy and transport, what kinds of emissions reductions are you expecting from those sectors—in, say, the next decade—given that they are increasing rapidly?

Mr Comley—In a sense the question is almost twofold. Firstly: what is the trajectory that the government is going to set—and I set think that is a matter for the government by the end of the year. Secondly: to the extent that those emissions reductions are delivered through the CPRS—a cap-and-trade scheme—you can do estimates of where you think the abatement is likely to come, but you cannot be certain about that because it may turn out that abatement opportunities in some sectors are higher than you thought and in others less. So I think that, in aggregate, it is really the trajectory that will drive that.

The second question is a matter of where the abatement opportunities arise that we modelled in the Treasury modelling. Again, part of the reason that you do an emissions trading scheme is because you recognise you do not have the full information about where those emissions reductions will occur over time.

Senator Wong—It is a market mechanism, not a command economy approach!

Senator MILNE—I understand that. I also look at the Kyoto target, and you would have to say that without the land-use changes that occurred there is no way we would be meeting that target. Is that a fair assessment?

Dr Parkinson—There is no question that that is the case.

Senator MILNE—So, given the same scenario, we have got exactly the same scenario now as the business as usual approach in energy and transport in particular—

Senator Wong—Senator, we do not accept what you have just said, that it is a business as usual approach.

Senator MILNE—How is the current trajectory reflecting anything other than a business as usual approach?

Senator Wong—Sorry, I thought the assertion was that the government was taking a BAU approach to energy, for example.

Senator MILNE—No, what I am saying is that before an emissions trading system comes in I cannot see that there is a significant shift in the current emissions trajectory on energy and transport. So by business as usual I am referring to current circumstances, current behaviours. Are you saying you do not accept that?

Dr Parkinson—In the last *Tracking to Kyoto*—do you have the projections in front of you?—there was a significant reduction in the 2020 business as usual estimate.

Senator MILNE—Yes, but in which sectors?

Ms Thompson—In fact the government's emissions projection released in the *Tracking to Kyoto* document showed that there was a decrease in the business as usual line from stationary energy. That was in response to a number of factors but included the projection of the government's renewable energy target. The renewable energy target is estimated to generate 28.5 million tonnes of abatement in 2020. So I think the overall projection for 2020 was estimated at 120 per cent of 1990 levels compared to the previous projection, which showed 127 per cent. That was a reduction in emissions in 2020 of 38 megatonnes.

Mr Comley—And *Tracking to Kyoto* did not include any impact of CPRS given that the trajectory had not been set.

Senator MILNE—I will be very interested to see where these reductions are going to come in in the absence of significant changes on land use, because from where I sit the best opportunity to make a significant and deep cut by 2020 is through land use.

Dr Parkinson—If the emissions trading scheme has a trajectory that is below business as usual, you will get a reduction. If it is above business as usual, it is a pretty silly thing to have done; and if it is at business as usual, the carbon price implicitly is going to be zero. So you will know pretty quickly. Unless you are going to get a positive price, there is not a lot of point doing this, because you will not bring forward any of the technologies. It goes back to Senator Abetz's questions earlier and Senator Johnston's questions as well. Ultimately this is all about getting a price that is going to be sufficient to bridge the technology gaps over time.

Senator MILNE—That is quite right, but you can also bring in the mechanics of emissions trading without reducing emissions by starting with a low price. You would acknowledge that there is considerable pressure out there to come with just that, the mechanics of the system of no real change.

Dr Parkinson—It depends how you define 'no real change'. Maybe my colleagues may have had a different experience, but nobody I have spoken to in business or elsewhere has been saying that emissions should be rising.

CHAIR—It is now close to 11 o'clock. I thank everyone. I thank the minister and the departmental people, my colleagues and Hansard. We will recommence at 9 am tomorrow.

Committee adjourned at 10.59 pm